

**COPY**

**Baptist Memorial**  
**Medical Group**

**CN1503-010**

03/11/2015 10:00 AM

March 11, 2015

Melanie Hill, Executive Director  
Health Services and Development Agency  
502 Deaderick Street, 9<sup>th</sup> Floor  
Nashville, TN 37243

RE: Certificate of Need Application  
Baptist Memorial Medical Group

Dear Ms. Hill:

Enclosed are three copies of the Certificate of Need application for the initiation of MRI services at 2100 Exeter Road which is a location of Baptist Memorial Medical Group. A check for \$3,000.00 is enclosed for the review fee.

Thank you for your attention.

Sincerely,



Arthur Maples  
Dir. Strategic Analysis

Enclosure

**CERTIFICATE OF NEED  
APPLICATION**

**INITIATION OF MRI SERVICES**

**BAPTIST MEMORIAL MEDICAL GROUP  
MARCH 2015**

W-01 13'15' - 48'20'

1. **Name of Facility, Agency, or Institution**

Baptist Memorial Medical Group, Inc. d/b/a Baptist Medical Group  
Name  
2100 Exeter Road  
Street or Route  
Germantown  
City  
Shelby  
County  
TN  
State  
38138  
Zip Code

2. **Contact Person Available for Responses to Questions**

Arthur Maples  
Name  
Baptist Memorial Health Care Corporation  
Company Name  
350 N. Humphreys Blvd  
Street or Route  
Employee  
Association with Owner  
Dir. Strategic Analysis  
Title  
Arthur.Maples@bmhcc.org  
Email address  
TN  
State  
38120  
Zip Code  
Memphis  
City  
901-227-4137  
Phone Number  
901-227-5004  
Fax Number

3. **Owner of the Facility, Agency or Institution**

Baptist Memorial Medical Group Inc.  
Name  
350 N Humphreys Blvd  
Street or Route  
Memphis  
City  
Shelby  
County  
TN  
State  
38120  
Zip Code

4. **Type of Ownership of Control (Check One)**

- |                                 |       |                              |       |
|---------------------------------|-------|------------------------------|-------|
| A. Sole Proprietorship          | _____ | F. Government (State of TN   | _____ |
| B. Partnership                  | _____ | or Political Subdivision)    | _____ |
| C. Limited Partnership          | _____ | G. Joint Venture             | _____ |
| D. Corporation (For Profit)     | _____ | H. Limited Liability Company | _____ |
| E. Corporation (Not-for-Profit) | X     | I. Other (Specify)           | _____ |

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND  
REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.



5. Name of Management/Operating Entity (If Applicable)

N/A  
 Name \_\_\_\_\_  
 Street or Route \_\_\_\_\_ County \_\_\_\_\_  
 City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

PUT ALL ATTACHMENTS AT THE END OF THE APPLICATION IN ORDER AND  
 REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

6. Legal Interest in the Site of the Institution (Check One)

- |                               |                                   |
|-------------------------------|-----------------------------------|
| A. Ownership _____            | D. Option to Lease _____ <u>X</u> |
| B. Option to Purchase _____   | E. Other (Specify) _____          |
| C. Lease of _____ Years _____ |                                   |

PUT ALL ATTACHMENTS AT THE BACK OF THE APPLICATION IN ORDER AND  
 REFERENCE THE APPLICABLE ITEM NUMBER ON ALL ATTACHMENTS.

7. Type of Institution (Check as appropriate--more than one response may apply)

- |   |  |
|---|--|
| A. Hospital (Specify) _____   | I. Nursing Home _____  |
| B. Ambulatory Surgical Treatment<br>Center (ASTC), Multi-Specialty _____    | J. Outpatient Diagnostic Center _____  |
| C. ASTC, Single Specialty _____   | K. Recuperation Center _____   |
| D. Home Health Agency _____   | L. Rehabilitation Facility _____   |
| E. Hospice _____  | M. Residential Hospice _____   |
| F. Mental Health Hospital _____   | N. Non-Residential Methadone<br>Facility _____   |
| G. Mental Health Residential<br>Treatment Facility _____                    | O. Birthing Center _____   |
| H. Mental Retardation Institutional<br>Habilitation Facility (ICF/MR) _____ | P. Other Outpatient Facility<br>(Specify) _____  |
|   | Q. Other (Specify) <u>MRI Service</u><br><u>operated by Physician Group</u> _____ <u>X</u> |

8. Purpose of Review (Check) as appropriate--more than one response may apply)

- |   |  |
|---|--|
| A. New Institution _____  | G. Change in Bed Complement<br>[Please note the type of change<br>by underlining the appropriate<br>response: Increase, Decrease,<br>Designation, Distribution,<br>Conversion, Relocation] |
| B. Replacement/Existing Facility _____  |  |
| C. Modification/Existing Facility _____   |  |
| D. Initiation of Health Care<br>Service as defined in TCA §<br>68-11-1607(4) (Specify) <u>MRI</u><br><u>transfer from related entity</u> _____ <u>X</u> | H. Change of Location _____  |
| E. Discontinuance of OB Services _____  | I. Other (Specify) _____   |
| F. Acquisition of Equipment _____   |  |

9. Bed Complement Data N/A

*Please indicate current and proposed distribution and certification of facility beds.*

	<u>Current Licensed</u>	<u>Beds *CON</u>	<u>Staffed Beds</u>	<u>Beds Proposed</u>	<u>TOTAL Beds at Completion</u>
A. Medical	_____	_____	_____	_____	_____
B. Surgical	_____	_____	_____	_____	_____
C. Long-Term Care Hospital	_____	_____	_____	_____	_____
D. Obstetrical	_____	_____	_____	_____	_____
E. ICU/CCU	_____	_____	_____	_____	_____
F. Neonatal	_____	_____	_____	_____	_____
G. Pediatric	_____	_____	_____	_____	_____
H. Adult Psychiatric	_____	_____	_____	_____	_____
I. Geriatric Psychiatric	_____	_____	_____	_____	_____
J. Child/Adolescent Psychiatric	_____	_____	_____	_____	_____
K. Rehabilitation	_____	_____	_____	_____	_____
L. Nursing Facility (non-Medicaid Certified)	_____	_____	_____	_____	_____
M. Nursing Facility Level 1 (Medicaid only)	_____	_____	_____	_____	_____
N. Nursing Facility Level 2 (Medicare only)	_____	_____	_____	_____	_____
O. Nursing Facility Level 2 (dually certified Medicaid/Medicare)	_____	_____	_____	_____	_____
P. ICF/MR	_____	_____	_____	_____	_____
Q. Adult Chemical Dependency	_____	_____	_____	_____	_____
R. Child and Adolescent Chemical Dependency	_____	_____	_____	_____	_____
S. Swing Beds	_____	_____	_____	_____	_____
T. Mental Health Residential Treatment	_____	_____	_____	_____	_____
U. Residential Hospice	_____	_____	_____	_____	_____
<b>TOTAL</b>	_____	_____	_____	_____	_____

\*CON-Beds approved but not yet in service

10. Medicare Provider Number 37980961  
 Certification Type Physician's Group

11. Medicaid Provider Number 1515530  
 Certification Type Physician's Group

12. If this is a new facility, will certification be sought for Medicare and/or Medicaid?

13. *Identify all TennCare Managed Care Organizations/Behavioral Health Organizations (MCOs/BHOs) operating in the proposed service area. Will this project involve the treatment of TennCare participants? yes If the response to this item is yes, please identify all MCOs/BHOs with which the applicant has contracted or plans to contract.*

Amerigroup Tennessee, Inc. DBA Amerigroup Community Care  
 UnitedHealth Care of the River Valley, Inc.  
 Blue Cross Blue Shield of Tennessee, Inc.

*Discuss any out-of-network relationships in place with MCOs/BHOs in the area.*

*Some patients are involved on an individual basis.*

**NOTE:** **Section B** is intended to give the applicant an opportunity to describe the project and to discuss the need that the applicant sees for the project. **Section C** addresses how the project relates to the Certificate of Need criteria of Need, Economic Feasibility, and the Contribution to the Orderly Development of Health Care. Discussions on how the application relates to the criteria should not take place in this section unless otherwise specified.

## **SECTION B: PROJECT DESCRIPTION**

Please answer all questions on 8 1/2" x 11" white paper, clearly typed and spaced, identified correctly and in the correct sequence. In answering, please type the question and the response. All exhibits and tables must be attached to the end of the application in correct sequence identifying the questions(s) to which they refer. If a particular question does not apply to your project, indicate "Not Applicable (NA)" after that question.

- I. Provide a brief executive summary of the project not to exceed two pages. Topics to be included in the executive summary are a brief description of proposed services and equipment, ownership structure, service area, need, existing resources, project cost, funding, financial feasibility and staffing.

### **Executive Summary**

Baptist Medical Group ("BMG") is a group of more than 500 primary and specialty care doctors practicing in locations in West Tennessee, North Mississippi and East Arkansas. BMG is a wholly owned subsidiary of Baptist Memorial Health Care and was established to provide an integrated approach that emphasizes physician collaboration and coordination to offer patients as much convenience as possible, while providing exceptional patient care.

Throughout the Baptist system's network of facilities and services, people and buildings are continuously involved in adjusting to changing health care needs. The new Baptist Memorial Rehabilitation Hospital that opened at the end of 2014 moved inpatient rehabilitation beds from Baptist Rehabilitation - Germantown Hospital ("BRG"). The movement of beds opened new opportunities for the BRG building that already includes a separately licensed Ambulatory Surgery Treatment Center.

This project involves transferring operational management of the existing Magnetic Resonance Imaging ("MRI") Service at BRG from the hospital to the BMG physicians group. As required by the CON program, this application seeks approval for BMG to initiate MRI Services but the project does not involve adding or relocating any equipment. The MRI is the only type of imaging equipment in operation at BRG that requires CON approval to be operated by a physician's group. Both the MRI and the computed tomography ("CT") scanner that is also at the hospital are certified by the American College of Radiology ("ACR") and the certifications will be transferred to the physician's group.

BMG will lease approximately 1,200 square feet of space from the hospital for the MRI and will acquire the MRI equipment. The current personnel will be able to continue in their roles with BMG.

The costs shown in CON chart are based on market value of the land, building and MRI unit. However, since Baptist Memorial Health Care ("BMHC") is the sole member or owner of both BRG and BMG, the values will be transferred internally. Letters are provided attesting the intention of the related parties to transfer the equipment and to lease the space. The financial projections indicate that the transfer of services is financially feasible. Existing equipment will be more fully utilized and communication improved by consolidating resources including the healthcare professionals who are already providing the service.

The number of MRI scans after transfer to BMG are projected to be 2,560 in year 1 and 2,637 in year 2 which is an increase from the current hospital utilization that was 1,223 in CY 2013 and 1,107 in CY 2014. Utilization of the MRI by Rehabilitation Inpatients will decrease since the rehabilitation beds are no longer located at BRG. Physician referrals will be supported through the networking of BMG staff and support from the new information system.

II. Provide a detailed narrative of the project by addressing the following items as they relate to the proposal.

- A. Describe the construction, modification and/or renovation of the facility (exclusive of major medical equipment covered by T.C.A. § 68-11-1601 et seq.) including square footage, major operational areas, room configuration, etc. Applicants with hospital projects (construction cost in excess of \$5 million) and other facility projects (construction cost in excess of \$2 million) should complete the Square Footage and Cost per Square Footage Chart. Utilizing the attached Chart, applicants with hospital projects should complete Parts A.-E. by identifying as applicable nursing units, ancillary areas, and support areas affected by this project. Provide the location of the unit/service within the existing facility along with current square footage, where, if any, the unit/service will relocate temporarily during construction and renovation, and then the location of the unit/service with proposed square footage. The total cost per square foot should provide a breakout between new construction and renovation cost per square foot. Other facility projects need only complete Parts B.-E. Please also discuss and justify the cost per square foot for this project.

If the project involves none of the above, describe the development of the proposal.

Response

The project involves approximately 1,200 square feet for existing equipment in a facility that is operating as a hospital department.

The project is simply a transfer of operation of existing equipment from a hospital setting to a physician practice. There is no renovation required and the projected costs include an amount as contingency for any minor clean-up/wall-paint that may be timely with other changes.

The imaging service is located on the ground floor of the existing BRG hospital building. Implementation of the transfer will not involve an interruption of service.

- B. Identify the number and type of beds increased, decreased, converted, relocated, designated, and/or redistributed by this application. Describe the reasons for change in bed allocations and describe the impact the bed change will have on the existing services.

Response:

N/A



C. As the applicant, describe your need to provide the following health care services (if applicable to this application):

1. Adult Psychiatric Services
2. Alcohol and Drug Treatment for Adolescents (exceeding 28 days)
3. Birthing Center
4. Burn Units
5. Cardiac Catheterization Services
6. Child and Adolescent Psychiatric Services
7. Extracorporeal Lithotripsy
8. Home Health Services
9. Hospice Services
10. Residential Hospice
11. ICF/MR Services
12. Long-term Care Services
13. Magnetic Resonance Imaging (MRI)
14. Mental Health Residential Treatment
15. Neonatal Intensive Care Unit
16. Non-Residential Methadone Treatment Centers
17. Open Heart Surgery
18. Positron Emission Tomography
19. Radiation Therapy/Linear Accelerator
20. Rehabilitation Services
21. Swing Beds

Response

As described in the previous question, an existing MRI unit is being transferred to new operation and a CON is required for the BMG physician practice to initiate the service. However, additional capacity or new equipment are not involved. Effectiveness of providing the service will be improved and efficiency enhanced by the additional activity. Since the BMG practice covers a large area, other facilities are not anticipated to be effected. The market value of the unit makes acquiring it from BRG, which is within the same parent organization an effective adaptation of resources.

D. Describe the need to change location or replace an existing facility.

Response

N/A

The MRI is not changing location and the facility is not being replaced.

E. Describe the acquisition of any item of major medical equipment (as defined by the Agency Rules and the Statute) which exceeds a cost of \$2.0 million; and/or is a magnetic resonance imaging (MRI) scanner, positron emission tomography (PET) scanner, extracorporeal lithotripter and/or linear accelerator by responding to the following:

1. For fixed-site major medical equipment (not replacing existing equipment):

a. Describe the new equipment, including:

1. Total cost ;(As defined by Agency Rule).

The MRI market value was provided by a Siemens vendor as between \$420,000 - \$480,000 depending on availability. The higher value of \$480,000 is used in the project cost chart as a conservative choice in presenting the CON request.

2. Expected useful life;

The Expected Life is 5 years that is consistent with the AHA's Estimated Useful Lives of Depreciable Hospital Assets 2008 edition.

3. List of clinical applications to be provided; Scans Include:

MRI ServiMR ABDOMEN W/O

MR ABDOMEN W/WO CON

MR BRAIN W/WO CON

MR CHEST W W/O CON

MR LOWER EXT JOINT W/O

MR LOWER EXT WWO CON LT

MR MRA ABD W/WO CON

MR MRA CHEST W/WO CON

MR MRA OR MRV HEAD W/O

MR MRA OR MRV NECK W/O

MR OM BRAIN W/WO CON

MR OM CHEST W W/O CONT

MR OM LOWER EXT JOINT W/O

MR OM PELVIS W/WO CON

MR OM SPINE CERVICAL W CON

MR OM SPINE THORACIC W/O CO

MR OM UPPER EXTR JT W/WO LT

MR OM UPPER EXTREM W/WO RT

MR ORB/FACE AN/OR NK WO

MR ORB/FACE AN/OR NK WWO

MR PELVIS W/WO CON

MR SPINE CERVICAL W CON



MR SPINE CERVICAL W/VO  
MR SPINE LUMBAR  
MR SPINE THORACIC W/O CO  
MR UPPER EXTR JT W/VO LT  
MR UPPER EXTREM WO C RTces

4. Documentation of FDA approval.

Response:

The equipment is operational within a hospital and FDA approval has been provided.

- b. Provide current and proposed schedules of operations.
2. For mobile major medical equipment:
- a. List all sites that will be served;
  - b. Provide current and/or proposed schedule of operations;
  - c. Provide the lease or contract cost.
  - d. Provide the fair market value of the equipment; and
  - e. List the owner for the equipment.

Response

Not applicable

3. Indicate applicant's legal interest in equipment (i.e., purchase, lease, etc.) In the case of equipment purchase include a quote and/or proposal from an equipment vendor, or in the case of an equipment lease provide a draft lease or contract that at least includes the term of the lease and the anticipated lease payments.

Response

The MRI unit will be acquired from BGR by BMG. The transaction will be recorded with a mutually defined market value.

III. (A) Attach a copy of the plot plan of the site on an 8 1/2" x 11" sheet of white paper which must include:

- 1. Size of site (*in acres*);
- 2. Location of structure on the site; and
- 3. Location of the proposed construction.
- 4. Names of streets, roads or highway that cross or border the site.

Response:

Please refer to Attachment Section B, III, A(1)

*Please note that the drawings do not need to be drawn to scale. Plot plans are required for all projects.*

- (B) 1. Describe the relationship of the site to public transportation routes, if any, and to any highway or major road developments in the area. Describe the accessibility of the proposed site to patients/clients.

Response:

Public transportation is easily accessible on Exeter Road and Exeter intersects with Poplar Avenue that is a major artery.

- IV. Attach a floor plan drawing for the facility which includes legible labeling of patient care rooms (noting private or semi-private), ancillary areas, equipment areas, etc. on an 8 1/2" x 11" sheet of white paper.

Response:

The floor plan showing the Equipment areas is provided in Attachment Section B, IV.

NOTE: DO NOT SUBMIT BLUEPRINTS. Simple line drawings should be submitted and need not be drawn to scale.

- V. For a Home Health Agency or Hospice, identify:

1. Existing service area by County;
2. Proposed service area by County;
3. A parent or primary service provider;
4. Existing branches; and
5. Proposed branches.

Response:

Not applicable

SECTION C: GENERAL CRITERIA FOR CERTIFICATE OF NEED

In accordance with Tennessee Code Annotated § 68-11-1609(b), "no Certificate of Need shall be granted unless the action proposed in the application for such Certificate is necessary to provide needed health care in the area to be served, can be economically accomplished and maintained, and will contribute to the orderly development of health care." The three (3) criteria are further defined in Agency Rule 0720-4-.01. Further standards for guidance are provided in the state health plan (Guidelines for Growth), developed pursuant to Tennessee Code Annotated §68-11-1625.

The following questions are listed according to the three (3) criteria: (I) Need, (II) Economic Feasibility, and (III) Contribution to the Orderly Development of Health Care. Please respond to each question and provide underlying assumptions, data sources, and methodologies when appropriate. Please type each question and its response on an 8 1/2" x 11" white paper. All exhibits and tables must be attached to the end of the application in correct sequence identifying the question(s) to which they refer. If a question does not apply to your project, indicate "Not Applicable (NA)."

## QUESTIONS

### NEED

1. Describe the relationship of this proposal toward the implementation of the State Health Plan and Tennessee's Health: Guidelines for Growth.

- a. Please provide a response to each criterion and standard in Certificate of Need Categories that are applicable to the proposed project. Do not provide responses to General Criteria and Standards (pages 6-9) here.

Response:

N/A This project does not involve adding services in the community.

- b. Applications that include a Change of Site for a health care institution, provide a response to General Criterion and Standards (4)(a-c)

Response:

N/A

2. Describe the relationship of this project to the applicant facility's long-range development plans, if any.

Response:

This project is consistent with the current emphasis on innovative approaches to improve the operational efficiencies of health care services. An existing MRI unit and imaging service is being reconfigured to operate as part of a large physician group. The physician group is integrated with access to more sophisticated hospital services as necessary. Physicians have immediate access to the patient's medical record and the information obtained from the office visit can be transferred for access in the hospital setting. The new operation can accommodate the health needs of the patient community it serves with the highest quality, safety and service expectations which has always been in the long range plan for BMHCC services.

3. Identify the proposed service area and justify the reasonableness of that proposed area. Submit a county level map including the State of Tennessee clearly marked to reflect the service area. Please submit the map on 8 1/2" x 11" sheet of white paper marked only with ink detectable by a standard photocopier (i.e., no highlighters, pencils, etc.).

Response:

A map is provided at Attachment Section C3. The Service Area is reasonable since it represents the origin of current patients served at BRG and the locations served by BMG. The primary service area is Shelby, Tipton and Fayette counties in Tennessee.

4. A. Describe the demographics of the population to be served by this proposal.

Response:

The primary population served by this application is patients 18 years of age and older. However, the open MRI is also occasionally used by pediatric patients.

- B. Describe the special needs of the service area population, including health disparities, the accessibility to consumers, particularly the elderly, women, racial and ethnic minorities, and low-income groups. Document how the business plans of the facility will take into consideration the special needs of the service area population.

Response:

The MRI services are available to all patients although the patient will primarily originate from BMG primary care offices. The primary care BMG physicians are located across the Metro Memphis area. BMG is contracted with all the TennCare MCO's in the region. This assures access to low income groups.

5. Describe the existing or certified services, including approved but unimplemented CONs, of similar institutions in the service area. Include utilization and/or occupancy trends for each of the most recent three years of data available for this type of project. Be certain to list each institution and its utilization and/or occupancy individually. Inpatient bed projects must include the following data: admissions or discharges, patient days, and occupancy. Other projects should use the most appropriate measures, e.g., cases, procedures, visits, admissions, etc.

Response

Data from HSDA equipment utilization for MRI units in Shelby, Tipton, Fayette and DeSoto Counties are shown in the Table on the following page. The applicant is aware of one MRI that has been approved but unimplemented for a project on Humphreys Blvd that is focused on Pediatrics.

Utilization of MRI's In the Service Area

	2010	2011	2012	2013	# units
BMH Collierville	1,941	1,891	1,734	1,593	1
BMH Memphis	11,517	12,052	11,913	11,280	3
BMH for Women				72	1
Baptist Rehab -Germantown	1,702	1,622	1,596	1,212	1
Baptist Rehab - Briarcrest	370	585	650	613	1
Delta Medical Center	880	1,006	787	674	
LeBonheur	3,856	4,663	5,357	5,333	2
Methodist Germantown	8,313	7,698	6,557	6,892	2
Methodist South	3,536	4,073	4,139	4,090	1
Methodist North	6,359	6,058	6,092	6,003	2
Methodist University	9,136	9,677	9,803	10,524	3
Regional Med	3,733	3,927	4,491	4,131	1
St. Francis	6,159	5,482	5,393	5,326	3
St. Francis Bartlett	3,030	3,257	3,642	3,518	2
St. Jude	9,467	10,031	8,737	8,305	4
BMH Tipton	1,213	1,143	1,265	1,153	1
Campbell Clinic	8,081	6,502	6,321	5,547	1
Diagnostic Imaging-Memphis	4,540	6,358	6,538	6,737	1
MSK Group - Covington Pike	3,420	3,096	3,140	3,013	1
MSK Group - Briarcrest	4,043	4,508	4,489	4,637	
Neurology Clinic	3,370	3,168	3,160	3,312	1
Outpatient Diagnostic Center	2,389	2,207	2,214	2,563	1
Park Ave Diagnostic Center	3,857	3,080	2,681	2,075	2
Semmes-Murphey	7,327	7,300	6,490	6,277	2
Wesley Neurology	1,393	1,398	1,309	1,026	
West Clinic	1,304	1,662	1,564	1,287	1
Campbell Clinic - Union		2,290	2,155	2,539	1

6. Provide applicable utilization and/or occupancy statistics for your institution for each of the past three (3) years and the projected annual utilization for each of the two (2) years following completion of the project. Additionally, provide the details regarding the methodology used to project utilization. The methodology must include detailed calculations or documentation from referral sources, and identification of all assumptions.

Response

BMG is requesting to initiate the MRI Service through this application, so it has no historical record. However, the MRI unit was operated by BRG and the scans were reported to the HSDA for 2011-2013. Those numbers from BRG are provided for convenience.

BRG MRI Utilization as reported to HSDA				Projected BMG	
Year	2011	2012	2013	Year 1	Year 2
Scans	1,622	1,596	1,212	2,560	2,637

The projected BMG scans are based on surveys performed by BMG Directors who visited each Metro Primary and Internal Medicine location of BMG physicians. Detailed calculations or scientific analysis were not involved in developing the projections.

## ECONOMIC FEASIBILITY

1. Provide the cost of the project by completing the Project Costs Chart on the following page. Justify the cost of the project.
- All projects should have a project cost of at least \$3,000 on Line F. (Minimum CON Filing Fee). CON filing fee should be calculated from Line D. (See Application Instructions for Filing Fee)

Response

The Chart has been completed on the following page. The CON filing fee has been calculated from Line D.

- The cost of any lease (building, land, and/or equipment) should be based on fair market value or the total amount of the lease payments over the initial term of the lease, whichever is greater. Note: This applies to all equipment leases including by procedure or "per click" arrangements. The methodology used to determine the total lease cost for a "per click" arrangement must include, at a minimum, the projected procedures, the "per click" rate and the term of the lease.

Response

The Chart has been completed on the following page.

- The cost for fixed and moveable equipment includes, but is not necessarily limited to, maintenance agreements covering the expected useful life of the equipment; federal, state, and local taxes and other government assessments; and installation charges, excluding capital expenditures for physical plant renovation or in-wall shielding, which should be included under construction costs or incorporated in a facility lease.

Response

The Chart has been completed on the following page. The Chart includes maintenance agreements covering the equipment.

- For projects that include new construction, modification, and/or renovation; documentation must be provided from a contractor and/or architect that support the estimated construction costs.

Response

N/A



## PROJECT COSTS CHART

(values in \$'s)

MAR 13 '15 PM 8:20

**A. Construction and equipment acquired by purchase:**

- |    |   |                |
|----|---|----------------|
| 1. | Architectural and Engineering Fees                                | <u>3,500</u>   |
| 2. | Legal, Administrative (Excluding CON Filing Fee), Consultant Fees | <u>10,000</u>  |
| 3. | Acquisition of Site   |                |
| 4. | Preparation of Site   |                |
| 5. | Construction Costs  |                |
| 6. | Contingency Fund  | <u>75,000</u>  |
| 7. | Fixed Equipment (Not included in Construction Contract)           | <u>480,000</u> |
| 8. | Moveable Equipment (List all equipment over \$50,000)             |                |
| 9. | Other (Specify) <u>Maintenance for 5 years</u>                    | <u>239,215</u> |

**B. Acquisition by gift, donation, or lease:**

- |    |   |  |
|----|---|--|
| 1. | Facility (inclusive of building and land) |  |
| 2. | Building only                             |  |
| 3. | Land only                                 |  |
| 4. | Equipment (Specify) _____                 |  |
| 5. | Other (Specify) _____                     |  |

**C. Financing Costs and Fees:**

- |    |                                     |  |
|----|-------------------------------------|--|
| 1. | Interim Financing                   |  |
| 2. | Underwriting Costs                  |  |
| 3. | Reserve for One Year's Debt Service |  |
| 4. | Other (Specify) _____               |  |

**D. Estimated Project Cost  
(A+B+C)**

1,259,000

**E. CON Filing Fee**

3,000

**F. Total Estimated Project Cost  
(D+E)**

**TOTAL** 1,262,000

2. Identify the funding sources for this project.

Please check the applicable item(s) below and briefly summarize how the project will be financed. (*Documentation for the type of funding MUST be inserted at the end of the application, in the correct alpha/numeric order and identified as Attachment C, Economic Feasibility-2.*)

- ☐ A. Commercial loan--Letter from lending institution or guarantor stating favorable initial contact, proposed loan amount, expected interest rates, anticipated term of the loan, and any restrictions or conditions;
- ☐ B. Tax-exempt bonds--Copy of preliminary resolution or a letter from the issuing authority stating favorable initial contact and a conditional agreement from an underwriter or investment banker to proceed with the issuance;
- ☐ C. General obligation bonds--Copy of resolution from issuing authority or minutes from the appropriate meeting.
- ☐ D. Grants--Notification of intent form for grant application or notice of grant award; or
- ☒ E. Cash Reserves--Appropriate documentation from Chief Financial Officer.
- ☐ F. Other--Identify and document funding from all other sources.

3. Discuss and document the reasonableness of the proposed project costs. If applicable, compare the cost per square foot of construction to similar projects recently approved by the Health Services and Development Agency.

Response:

Costs are based on estimates of market value. Sources of data include Tax assessor's office for property value, Insurance Assessment for Building and Siemens vendor for MRI equipment.

4. Complete Historical and Projected Data Charts on the following two pages--**Do not modify the Charts provided or submit Chart substitutions!** Historical Data Chart represents revenue and expense information for the last *three (3)* years for which complete data is available for the institution. Projected Data Chart requests information for the two (2) years following the completion of this proposal. Projected Data Chart should reflect revenue and expense projections for the ***Proposal Only*** (i.e., if the application is for additional beds, include anticipated revenue from the proposed beds only, not from all beds in the facility).

Response:

The submission of the CON application is to request approval to initiate MRI Services, BMG has no historical data available.

The Projected Data chart is provided.

5. Please identify the project's average gross charge, average deduction from operating revenue, and average net charge.

Response:

MRI

Average Gross Charge	\$1,247
Average Deduction from Operating Revenue	\$ 922
Average Net Charge	\$ 325

## HISTORICAL DATA CHART

N/A

Give information for the last *three (3)* years for which complete data are available for the facility or agency. The fiscal year begins in \_\_\_\_\_ (Month).

	Year _____	Year _____	Year _____
A. Utilization Data (Specify unit of measure)	_____	_____	_____
B. Revenue from Services to Patients			
1. Inpatient Services	\$ _____	\$ _____	\$ _____
2. Outpatient Services	_____	_____	_____
3. Emergency Services	_____	_____	_____
4. Other Operating Revenue (Specify) _____	_____	_____	_____
<b>Gross Operating Revenue</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	\$ _____	\$ _____	\$ _____
2. Provision for Charity Care	_____	_____	_____
3. Provisions for Bad Debt	_____	_____	_____
<b>Total Deductions</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>
<b>NET OPERATING REVENUE</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>
D. Operating Expenses			
1. Salaries and Wages	\$ _____	\$ _____	\$ _____
2. Physician's Salaries and Wages	_____	_____	_____
3. Supplies	_____	_____	_____
4. Taxes	_____	_____	_____
5. Depreciation	_____	_____	_____
6. Rent	_____	_____	_____
7. Interest, other than Capital	_____	_____	_____
8. Other Expenses (Specify) _____	_____	_____	_____
<b>Total Operating Expenses</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>
E. Other Revenue (Expenses) – Net (Specify)	\$ _____	\$ _____	\$ _____
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>
F. Capital Expenditures			
1. Retirement of Principal	\$ _____	\$ _____	\$ _____
2. Interest	_____	_____	_____
<b>Total Capital Expenditures</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>
<b>LESS CAPITAL EXPENDITURES</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>

Year 1

Year 2 22

## PROJECTED DATA CHART

Fiscal Year begins in Oct

Utilization Data (Scans)	2,560	2,637
Revenue from Services to Patients		
1. Inpatient Services		
2. Outpatient Services	\$ 3,193,088	\$ 3,256,950
3. Emergency Services		
4. Other Operating Revenue (specify) <u>cafeteria</u>		
<b>Gross Operating Revenue</b>	<b>\$ 3,193,088</b>	<b>\$ 3,256,950</b>
Deductions from Gross Operating Revenue		
1. Contractual Adjustments	\$ 2,268,488	\$ 2,313,858
2. Provision for Charity Care	\$ 47,896	\$ 48,854
3. Provision for Bad Debt	\$ 44,703	\$ 45,597
<b>Total Deductions</b>	<b>\$ 2,361,088</b>	<b>\$ 2,408,309</b>
<b>NET OPERATING REVENUE</b>	<b>\$ 832,000</b>	<b>\$ 848,640</b>
Operating Expenses		
1. Salaries and Wages	\$ 97,500	\$ 100,425
2. Physician's Salaries and Wages	\$ 26,000	\$ 26,000
3. Supplies	\$ 38,400	\$ 39,552
4. Taxes	\$ -	\$ -
5. Depreciation	\$ 96,000	\$ 96,000
6. Rent	\$ 25,000	\$ 25,000
7. Interest, other than Capital		
8. Management Fees:		
a. Fees to Affiliates		
b. Fees to Non-Affiliates		
9. Other Expenses (Specify on separate page)	\$ 479,377	\$ 489,867
<b>Total Operating Expenses</b>	<b>\$ 762,277</b>	<b>\$ 776,844</b>
Other Revenue (Expenses) - Net (Specify)		
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$ 69,723</b>	<b>\$ 71,796</b>
Capital Expenditures		
1. Retirement of Principal		
2. Interest		
<b>Total Capital Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>
<b>NET OPERATING INCOME (LOSS)</b>		
<b>LESS CAPITAL EXPENDITURES</b>	<b>\$ 69,723</b>	<b>\$ 71,796</b>

<b><u>OTHER EXPENSES CATEGORIES</u></b>	<b>Year 1</b>	<b>Year 2</b>
Interpretation Fees	172,800	176,256
Equipment Maintenance	90,257	92,965
General Administrative	216,320	220,647
Total Other Expenses	479,377	489,867

6. A. Please provide the current and proposed charge schedules for the proposal. Discuss any adjustment to current charges that will result from the implementation of the proposal. Additionally, describe the anticipated revenue from the proposed project and the impact on existing patient charges.

Response

Below are charges planned to be used by BMG

<u>CPT</u>	<u>Description</u>	<u>BMG Charge</u>
72148	MRI Lumbar spine w/o dye	\$ 1,325
73721	MRI joint of lower extrem w/o dye	\$ 1,055
72141	MRI neck spine w/o dye	\$ 1,325
73221	MRI joint upr extrem w/o dye	\$ 1,075
70557	MRI brain w/o dye	\$ 1,400

- B. Compare the proposed charges to those of similar facilities in the service area/adjoining service areas, or to proposed charges of projects recently approved by the Health Services and Development Agency. If applicable, compare the proposed charges of the project to the current Medicare allowable fee schedule by common procedure terminology (CPT) code(s).

Response

<u>CPT</u>	<u>Description</u>	<u>BMG Charge</u>	<u>CN1403-008</u>
72148	MRI Lumbar spine w/o dye	\$ 1,325	1,404
73721	MRI joint of lower extrem w/o dye	\$ 1,055	1,111
72141	MRI neck spine w/o dye	\$ 1,325	1,354
73221	MRI joint upr extrem w/o dye	\$ 1,075	1,131
70557	MRI brain w/o dye	\$ 1,400	1,486

7. Discuss how projected utilization rates will be sufficient to maintain cost-effectiveness.

Response

The utilization will be sufficient to maintain cost effectiveness of providing MRI Services at an effective level to cover expenses of operation. Providing the service as part of BMG will enhance the patient experience of being served as a doctor's office visit.

8. Discuss how financial viability will be ensured within two years; and demonstrate the availability of sufficient cash flow until financial viability is achieved.

Response

As shown in the projections, the project is anticipated to have a positive cash flow in Year One. Patients and physicians are already using the service at this location.

9. Discuss the project's participation in state and federal revenue programs including a description of the extent to which Medicare, TennCare/Medicaid, and medically indigent patients will be served by the project. In addition, report the estimated dollar amount of revenue and percentage of total project revenue anticipated from each of TennCare, Medicare, or other state and federal sources for the proposal's first year of operation.

Response

Source	Year 1	
	Gross	% Total
Medicaid	\$261,833	8.2 %
Medicare	\$1,047,333	32.8%

10. Provide copies of the balance sheet and income statement from the most recent reporting period of the institution and the most recent audited financial statements with accompanying notes, if applicable. For new projects, provide financial information for the corporation, partnership, or principal parties involved with the project. Copies must be inserted at the end of the application, in the correct alpha-numeric order and labeled as Attachment C, Economic Feasibility-10.

Response

A letter from the CFO of Baptist Memorial Health Care is provided.

11. Describe all alternatives to this project which were considered and discuss the advantages and disadvantages of each alternative including but not limited to:
- A discussion regarding the availability of less costly, more effective, and/or more efficient alternative methods of providing the benefits intended by the proposal. If development of such alternatives is not practicable, the applicant should justify why not; including reasons as to why they were rejected.

Response

One alternative was to continue to operate the imaging services as a department of the hospital. The decline in utilization and the move of 49 inpatient rehabilitation beds away from the hospital indicated that action was needed to continue efficient use of the resources.

Matching the availability of the imaging center equipment and facility with the needs of BMG patients and the capabilities of the new information system is important. The combined benefits made this proposal for operation by BMG the most desirable and effective for continuing service to patients.



- b. The applicant should document that consideration has been given to alternatives to new construction, e.g., modernization or sharing arrangements. It should be documented that superior alternatives have been implemented to the maximum extent practicable.

Response

N/A construction is not involved.

## CONTRIBUTION TO THE ORDERLY DEVELOPMENT OF HEALTH CARE

1. List all existing health care providers (e.g., hospitals, nursing homes, home care organizations, etc.), managed managed care organizations, alliances, and/or networks with which the applicant currently has or plans to have contractual and/or working relationships, e.g., transfer agreements, contractual agreements for health services.

### Response

BMG was established to provide an integrated approach that emphasizes physician collaboration and coordination to offer patients as much convenience as possible. BMG physicians are actively involved in hospital services throughout the Baptist system including a Long Term Care Hospital, a Nursing Home and Home Care Organizations. The system and BMG also have working relationships with other providers throughout the region. BMG participates in Medicare Advantage Plans including Humana Health Plan, Inc., HealthSpring of Tennessee, Inc. /Cigna Health and Life Insurance Company, INC., Blue Cross Blue Shield of Tennessee, Inc., Well Care Health Plan, Coventry Health and Life Insurance Company, and Aetna Health, Inc. Military plans are TriWest HealthCare Alliance Corporation and Humana Military Healthcare Services, Inc. (Tri-Care). One CO-Op plan is Community Health Alliance Health Plan

2. Describe the positive and/or negative effects of the proposal on the health care system. Please be sure to discuss any instances of duplication or competition arising from your proposal including a description of the effect the proposal will have on the utilization rates of existing providers in the service area of the project.

### Response

This proposal will benefit patients by continuing the availability of an existing resource. The MRI equipment will be more effectively utilized. This project is not anticipated to have any significant negative impact on the Health Care system as a whole. It is not adding equipment or capacity to the community. Patients are dispersed across a large region where there are BMG locations.

3. Provide the current and/or anticipated staffing pattern for all employees providing patient care for the project. This can be reported using FTEs for these positions. Additionally, please compare the clinical staff salaries in the proposal to prevailing wage patterns in the service area as published by the Tennessee Department of Labor & Workforce Development and/or other documented sources.

### Response

BMQ RATE EXCLUDING BENEFITS								
Magnetic Resonance Imaging Technologists			Rate					
			\$25					
Tennessee Dept Labor & Workforce Development								
Occupation Job Description	Occ: code	Est. empl.	Mean Hourly Wage	Entry wage	Exp. wage	25th pct	Median wage	75th pct
Magnetic Resonance Imaging Technologists	29-2035	210	60,115	50,850	64,748	52,880	60,388	68,754
			28.9	24.45	31.15	25.4	29.05	33.05

4. Discuss the availability of and accessibility to human resources required by the proposal, including adequate professional staff, as per the Department of Health, the Department of Mental Health and Developmental Disabilities, and/or the Division of Mental Retardation Services licensing requirements.

Response

Since most staff are already actively involved, recruitment difficulties are not anticipated.

5. Verify that the applicant has reviewed and understands all licensing certification as required by the State of Tennessee for medical/clinical staff. These include, without limitation, regulations concerning physician supervision, credentialing, admission privileges, quality assurance policies and programs, utilization review *policies and programs, record keeping, and staff education.*

Response

The BMG MRI will be in a physician office rather than a licensed Health care Facility. Physician supervision has been established for the imaging service and is anticipated to continue. The MRI, (and CT that is not part of this CON application) have been accredited by the ACR to meet the Advanced Diagnostic Imaging requirements for CMS certification. BMG has studied certification and licensing requirements that are required by the state. The ACR certification will be transferred to BMG.

6. Discuss your health care institution's participation in the training of students in the areas of medicine, nursing, social work, etc. (e.g., internships, residencies, etc.).

Response

Baptist Memorial Health Care Corporation is a strong supporters of educational opportunities throughout the region. Baptist's Philosophy and Mission for the system states that, "... it seeks to ENCOURAGE, GUIDE, and INSTRUCT those individuals entering into professions related to the healing of the body, mind and spirit."

Baptist Memorial College of Health Sciences was chartered in 1994 as a specialized college offering baccalaureate degrees in nursing and in allied health sciences as well as continuing education opportunities for healthcare professionals.

The four year BHS degree includes radiology training in areas of diagnostic medical services, and radiographic technology. BMG will participate to make student learning opportunities available as circumstances allow.

7. (a) Please verify, as applicable, that the applicant has reviewed and understands the licensure requirements of the Department of Health, the Department of Mental Health and Developmental Disabilities, the Division of Mental Retardation Services, and/or any applicable Medicare requirements.

Response

BMG has reviewed and understands the licensure requirements of the Department of Health and applicable Medicare certification requirements.

- (b) Provide the name of the entity from which the applicant has received or will receive licensure, certification, and/or accreditation.

Licensure: Health facilities Licensure is not required

Accreditation: Joint Commission accreditation is planned

- (c) If an existing institution, please describe the current standing with any licensing, certifying, or accrediting agency. Provide a copy of the current license of the facility.

Response

The BMG Group is not licensed as a institution.

- (d) For existing licensed providers, document that all deficiencies (if any) cited in the last licensure certification and inspection have been addressed through an approved plan of correction. Please include a copy of the most recent licensure/certification inspection with an approved plan of correction.

Response

N/A

8. Document and explain any final orders or judgments entered in any state or country by a licensing agency or court against professional licenses held by the applicant or any entities or persons with more than a 5% ownership interest in the applicant. Such information is to be provided for licenses regardless of whether such license is currently held.

Response

There are no final orders or judgments to report.

9. Identify and explain any final civil or criminal judgments for fraud or theft against any person or entity with more than a 5% ownership interest in the project

Response

There are no final civil or criminal judgments to report.

10. If the proposal is approved, please discuss whether the applicant will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required.

Response

BMG will provide the Tennessee Health Services and Development Agency and/or the reviewing agency information concerning the number of patients treated, the number and type of procedures performed, and other data as required.

## PROOF OF PUBLICATION

Attach the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit from the newspaper as proof of the publication of the letter of intent.

### Response

A page from the Commercial Appeal is provided.

## DEVELOPMENT SCHEDULE

Tennessee Code Annotated § 68-11-1609(c) provides that a Certificate of Need is valid for a period not to exceed three (3) years (for hospital projects) or two (2) years (for all other projects) from the date of its issuance and after such time shall expire; provided, that the Agency may, in granting the Certificate of Need, allow longer periods of validity for Certificates of Need for good cause shown. Subsequent to granting the Certificate of Need, the Agency may extend a Certificate of Need for a period upon application and good cause shown, accompanied by a non-refundable reasonable filing fee, as prescribed by rule. A Certificate of Need which has been extended shall expire at the end of the extended time period. The decision whether to grant such an extension is within the sole discretion of the Agency, and is not subject to review, reconsideration, or appeal.

1. Please complete the Project Completion Forecast Chart on the next page. If the project will be completed in multiple phases, please identify the anticipated completion date for each phase.
2. If the response to the preceding question *indicates that the applicant does not anticipate completing the project within the period of validity as defined in the preceding paragraph*, please state below any request for an extended schedule and document the "good cause" for such an extension.

The anticipated date of filing the application is on or before March 13, 2015. The contact person for this project is Carol Weidenhoffer, Senior Director of Planning and Business Development, who may be reached at: Methodist Healthcare, 1407 Union Avenue, Suite 300, Memphis, TN, 38104, 901-516-0679

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Health Services and Development Agency  
Andrew Jackson Building, 9th Floor  
502 Deaderick Street  
Nashville, TN 37243

Pursuant to T.C.A. § 68-11-1607(c)(1), (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

#### NOTIFICATION OF INTENT TO APPLY FOR A CERTIFICATE OF NEED

This is to provide official notice to the Tennessee Health Services and Development Agency ("Agency") and all interested parties, in accordance with T.C.A. § 68-11-1601 et seq., and the Rules of the Agency, that Baptist Memorial Medical Group, Inc. d/b/a Baptist Medical Group, a physicians group, with an ownership type of Corporation intends to file an application for a certificate of need to initiate magnetic resonance imaging ("MRI") services at 2100 Exeter Road, Germantown, Tennessee 38138 as part of its practice. The MRI unit that will be used by Baptist Medical Group is currently owned and operated at this location by Baptist Rehabilitation-Germantown, and the unit will be transferred to Baptist Medical Group as part of project. The project does not involve any other facility or service for which a certificate of need is required. The estimated project cost for certificate of need purposes is \$1,262,000.

The anticipated date of filing the application is March 13, 2015. The contact person for this project is Arthur Maples, Dir. Strategic Analysis, who may be reached at 350 N. Humphreys Blvd, Memphis, TN 38120 (901) 227-4137.

Upon written request by interested parties, a local Fact-Finding public hearing shall be conducted. Written requests for hearing should be sent to:

Tennessee Health Services and Development Agency  
Andrew Jackson Building  
502 Deaderick Street, 9th Floor  
Nashville, TN 37243

Pursuant to TCA Sec. 68-11-1607(c)(1), (A) any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.

southeast corner and the Southwest Corner of lot herein described; thence North 9 degrees 35 minutes 24 seconds East, 132.7 feet with Smith's East line to a stake in an old fence line; thence South 82 degrees 15 minutes 44 seconds East, 101.0 feet with Clark's South line to a stake in said fence line; thence South 10 degrees 00 minutes 00 seconds West, 138.6 feet with Clark's West line to a stake on the North margin of East Grove Road; thence North 78 degrees 54 minutes 30 seconds West, 100.0 feet with North margin of said road to point of beginning, containing 0.31 acres more or less.

ALSO KNOWN AS: 122 East Grove Road, Gleason, TN 38229-7918

This sale is subject to all matters shown on any applicable recorded plat; any unpaid taxes; any restrictive covenants, easements, or setback lines that may be applicable; any statutory rights of redemption of any governmental agency, state or federal; any prior liens or encumbrances as well as any priority created by a fixture filing; and to any matter that an accurate survey of the premises might disclose. In addition, the following parties may claim an interest in the above-referenced property: ARNOLD, CHAD

The sale held pursuant to this Notice may be rescinded at the Successor Trustee's option at any time. The right is reserved to adjourn the day of the sale to another day, time, and place certain without further publication, upon announcement at the time and place for the sale set forth above. W&A No. 179949

Dated March 3, 2015  
WILSON & ASSOCIATES  
P.L.L.C.,  
Successor-Trustee  
1521 Merrill Drive,  
Suite D-220  
Little Rock, Arkansas 72211  
(501) 219-9388  
W&A No. - 179949  
CA3T- March 10, 2015  
March 17, 2015  
March 24, 2015  
FOR SALE  
INFORMATION, VISIT  
WWW.MYFIR.COM and  
WWW.REALTYTRAC.COM

#### NOTICE OF TRUSTEE'S SALE

WHEREAS, default has occurred in the performance of the covenants, terms, and conditions of a Deed of Trust Note dated March 10, 2009; and the Deed of Trust of even date securing the same, recorded March 11, 2009, in Book No.

CA3T-  
2/24/15  
3/3/15  
3/10/15

FOR SALE  
INFORMATION, VISIT  
WWW.MYFIR.COM and  
WWW.REALTYTRAC.COM

#### NOTICE OF FINAL PAYMENT

Final payment will be made to Martin & White Mechanical Contractors contractor for 920 Madison Avenue Hot Water Improvements SBC No. 540/013-08-2013 at the University of Tennessee Health Science Center thirty (30) days after the appearance of this notice. Written notice of any unsettled claims for labor, material, or services provided to the contractor or its subcontractors for this project must be sent to: Tim McKeehan, Director of Facilities Planning, The University of Tennessee, 5723 Middlebrook Pike, Suite 119, Knoxville, TN 37996-0040. Such claims must be received by the University within thirty (30) days of the appearance of this notice. Providing such notice will only serve to inform the University of Tennessee of unsettled claims. Claimants must pursue its remedies against the appropriate entity in accordance with applicable law.

#### REQUEST FOR PROPOSALS

The Mississippi State Department of Health Office of Tobacco Control is seeking proposals from organizations with the capacity to develop and implement statewide youth tobacco prevention programs. Eligible entities are those with a demonstrated history of creating and implementing successful programs, as defined in the official request for proposals. For more information or a copy of the request, please call (601) 991-6050 or contact the Mississippi State Department of Health, Office of Tobacco Control, 805 S. Wheatley Street, Suite 400-A, Ridgeland, Mississippi 39157. The RFP can also be found at [www.healthhms.com/RFP](http://www.healthhms.com/RFP). The submission deadline is March 31, 2015.

Place  
Your  
Ad  
Call

901-529-2700

### CRANKSHAFT By Tom Batiuk & Chuck Ayers



### BORN LOSER By Art and Chip Sansom



## PROJECT COMPLETION FORECAST CHART

Enter the Agency projected Initial Decision date, as published in T.C.A. § 68-11-1609(c): \_\_\_\_\_

Assuming the CON approval becomes the final agency action on that date, indicate the number of days from the above agency decision date to each phase of the completion forecast.

<u>Phase</u>	<u>DAYS REQUIRED</u>	<u>Anticipated Date (MONTH/YEAR)</u>
1. <u>Architectural and engineering contract signed</u>	_____	_____
2. <u>Construction documents approved by the Tennessee Department of Health</u>	_____	_____
3. <u>Construction contract signed</u>	_____	_____
4. <u>Building permit secured</u>	_____	_____
5. <u>Site preparation completed</u>	_____	_____
6. <u>Building construction commenced</u>	_____	_____
7. <u>Construction 40% complete</u>	_____	_____
8. <u>Construction 80% complete</u>	_____	_____
9. <u>Construction 100% complete (approved for occupancy)</u>	_____	_____
10. <u>*Issuance of license</u>	<u>Not required</u> _____	_____
11. <u>*Initiation of service</u>	_____	<u>August 2015</u>
12. <u>Final Architectural Certification of Payment</u>	_____	_____
13. <u>Final Project Report Form (HF0055)</u>	_____	_____

\* For projects that do NOT involve construction or renovation: Please complete items 10 and 11 only.

Note: If litigation occurs, the completion forecast will be adjusted at the time of the final determination to reflect the actual issue date.

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF SHELBY

ARTHUR MAPLES, being first duly sworn, says that he/she is the applicant named in this application or his/her/its lawful agent, that this project will be completed in accordance with the application, that the applicant has read the directions to this application, the Rules of the Health Services and Development Agency, and T.C.A. § 68-11-1601, *et seq.*, and that the responses to this application or any other questions deemed appropriate by the Health Services and Development Agency are true and complete.

Arthur Maples / Dir. Strategic Analysis  
SIGNATURE/TITLE

Sworn to and subscribed before me this 11<sup>th</sup> day of March, 2015 a Notary  
(Month) (Year)

Public in and for the County/State of Shelby / Tennessee.

Paulette E. Kearney  
NOTARY PUBLIC

My Comm. Exp. August 21, 2016  
My commission expires \_\_\_\_\_  
(Month/Day) (Year)





# **Organizational Documentation**

## **Section A-3**

State of Tennessee



Department of State  
Corporate Filings  
312 Eighth Avenue North  
6th Floor, William R. Snodgrass Tower  
Nashville, TN 37243

ARTICLES OF AMENDMENT  
TO THE CHARTER  
(Nonprofit)

For Office Use Only  
2007 OCT 16 AM 9:32  
DAVID DANIELL  
SECRETARY OF STATE

CORPORATE CONTROL NUMBER (IF KNOWN): 0270525  
PURSUANT TO THE PROVISIONS OF SECTION 48-60-105 OF THE TENNESSEE NONPROFIT CORPORATION ACT, THE UNDERSIGNED CORPORATION ADOPTS THE FOLLOWING ARTICLES OF AMENDMENT TO ITS CHARTER:

1. PLEASE INSERT THE NAME OF THE CORPORATION AS IT APPEARS OF RECORD:

Baptist Memorial Health Services, Inc. of Tennessee

IF CHANGING THE NAME, INSERT THE NEW NAME ON THE LINE BELOW:

Baptist Memorial Medical Group, Inc.

2. PLEASE MARK THE BLOCK THAT APPLIES:

☒ AMENDMENT IS TO BE EFFECTIVE WHEN FILED BY THE SECRETARY OF STATE.

☐ AMENDMENT IS TO BE EFFECTIVE, \_\_\_\_\_ (MONTH, DAY, YEAR)

(NOT TO BE LATER THAN THE 90TH DAY AFTER THE DATE THIS DOCUMENT IS FILED.) IF NEITHER BLOCK IS CHECKED, THE AMENDMENT WILL BE EFFECTIVE AT THE TIME OF FILING.

3. PLEASE INSERT ANY CHANGES THAT APPLY:

A. PRINCIPAL ADDRESS:

STREET ADDRESS

CITY

STATE/COUNTY

ZIP CODE

B. REGISTERED AGENT:

C. REGISTERED ADDRESS:

STREET ADDRESS

CITY

TN  
STATE

ZIP CODE

COUNTY

D. OTHER CHANGES:

4. THE CORPORATION IS A NONPROFIT CORPORATION.

5. THE MANNER (IF NOT SET FORTH IN THE AMENDMENT) FOR IMPLEMENTATION OF ANY EXCHANGE, RECLASSIFICATION, OR CANCELLATION OF MEMBERSHIPS IS AS FOLLOWS:

Not applicable

6. THE AMENDMENT WAS DULY ADOPTED ON September 20, 2007 (MONTH, DAY, YEAR)  
BY (Please mark the block that applies):

☐ THE INCORPORATORS WITHOUT MEMBER APPROVAL, AS SUCH WAS NOT REQUIRED.

☐ THE BOARD OF DIRECTORS WITHOUT MEMBER APPROVAL, AS SUCH WAS NOT REQUIRED.

☒ THE MEMBERS

7. INDICATE WHICH OF THE FOLLOWING STATEMENTS APPLIES BY MARKING THE APPLICABLE BLOCK:

☒ ADDITIONAL APPROVAL FOR THE AMENDMENT (AS PERMITTED BY §48-60-301 OF THE TENNESSEE NONPROFIT CORPORATION ACT) WAS NOT REQUIRED.

☐ ADDITIONAL APPROVAL FOR THE AMENDMENT WAS REQUIRED BY THE CHARTER AND WAS OBTAINED.

Vice President

SIGNER'S CAPACITY

10-14-2007

DATE

SIGNATURE

David C. Hogan

NAME OF SIGNER (TYPED OR PRINTED)

6144.1802

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STATE OF TENNESSEE  
1993 SEP 23 AM 10:05  
HILLY J. BELL  
SECRETARY OF STATE

CHARTER  
OF

BAPTIST MEMORIAL HEALTH SERVICES, INC. OF TENNESSEE

The undersigned natural persons, having capacity to contract and acting as the incorporators of a corporation under the Tennessee Nonprofit Corporation Act, adopt the following charter for such corporation:

1. The name of the corporation is Baptist Memorial Health Services, Inc. of Tennessee.
2. The corporation is public benefit corporation.
3. The street address of the corporation's registered office is 899 Madison Avenue, Memphis, TN 38146.
4. The corporation's registered office is located in Shelby County, Tennessee, and the name of the corporation's registered agent at that office is Charles R. Baker.
5. The name, address, and zip code of the incorporator is:  
Joseph H. Powell, 4656 Peppertree Lane, Memphis, TN 38117.
6. The street address and zip code of the initial principal office of the corporation is 899 Madison Avenue, Memphis, TN 38146.
7. The corporation is not-for-profit.
8. The number of directors constituting the initial Board of Directors of the corporation shall be three (3), and their names and addresses are as follows:

<u>Name</u>	<u>Address</u>
Dick Trout	505 Park Street Blytheville, AR 72315
Clarence L. Stanford	306 N. Commerce Street Ripley, MS 38663
Milton Magee	421 Lattawoods Drive Dyersburg, TN 38204

9. The purposes for which the corporation is created are: The corporation is organized exclusively for charitable, educational and scientific purposes, including the establishing, maintaining,

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conducting, managing, leasing, owning and operating hospitals, nursing homes, clinics, dispensaries, other in-patient or out-patient facilities, diagnostic centers, urgent care centers, home health agencies, durable medical clinics, ambulatory surgery and other ambulatory care facilities, and other health care provider organizations, for the care and treatment of the sick, diseased, disabled, injured or other persons in need of hospital, medical, nursing or related services, and such other activities permitted by law. The corporation may make contributions to organizations that qualify as exempt organizations under Section 501(c)(3), contributions to which are deductible under Section 170(c)(2) of the Internal Revenue Code of 1986 or corresponding provisions of any future United States Internal Revenue law, and the corporation may engage in activities related or incident to its purpose and in accordance with the Tennessee NonProfit Corporation Act. Notwithstanding any other provisions in this instrument, however, the corporation shall not carry on any activities which are not permitted to be carried on by a corporation exempt from income taxes under Section 501(c)(3), contributions to which are deductible under Section 170(c)(2) of the said Internal Revenue Code or corresponding provisions of any future internal revenue law of the United States.

10. The corporation shall have one member, Baptist Memorial Regional Health Care Corporation, a Tennessee not-for-profit corporation. The member may be changed to another not-for-profit corporation established or designated by Baptist Memorial Health Care System, Inc. or, if it is not in existence, by its successor not-for-profit entity, if any, and if none, then by the member. The governing body of the corporation shall be a Board of Directors of not less than three (3) nor more than ten (10) persons, as shall be set out in the by-laws. The directors shall be chosen and their terms of office and manner of filling vacancies determined by the member. The by-laws and any amendments thereto shall be subject to the member's approval.

11. No part of the net earnings of the Corporation shall inure to the benefit of any private shareholder or individual, and no substantial part of the activities of the corporation shall be the carrying on of propaganda or otherwise attempting to influence legislation, and the corporation shall not participate in, or intervene (including the publishing or distributing of statements) in any political campaign on behalf of any candidate for public office. Reasonable compensation may be paid for services rendered and reasonable reimbursement may be made for expenses incurred on behalf of the corporation.

12. Upon dissolution of the corporation and after paying or making provision for paying of all the liabilities of the corporation, the assets of the corporation shall be distributed to the member if at the time it qualifies as an exempt organization under Section 501(c)(3) of the Internal Revenue Code of 1986 or

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1993 SEP 23 10:05

SECRET

corresponding provision of any future United States Internal Revenue law. If for any reason the member shall not qualify as such an exempt organization then the assets shall be distributed to Baptist Memorial Health Care System, Inc., 899 Madison Avenue, Memphis, Tennessee. If for any reason Baptist Memorial Health Care System, Inc. shall not then qualify as such an exempt organization, then the assets shall be distributed for exclusively charitable, educational and scientific purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986 (or corresponding provision of any future United States Internal Revenue law).

13. The charter shall be effective at the close of the business day on September 30, 1993, and as of the beginning of the business day on October 1, 1993.

IN WITNESS WHEREOF, the incorporator has hereunto subscribed his name this 21<sup>st</sup> day of September, 1993.

Joseph H. Powell  
Incorporator



**STATE OF TENNESSEE**  
**Tre Hargett, Secretary of State**  
Division of Business Services  
William R. Snodgrass Tower  
312 Rosa L. Parks AVE, 6th FL  
Nashville, TN 37243-1102

### Filing Information

Name: **BAPTIST MEMORIAL MEDICAL GROUP, INC.**

#### General Information

SOS Control # :	000270525	Formation Locale:	TENNESSEE
Filing Type:	Nonprofit Corporation - Domestic	Date Formed:	09/23/1993
Filing Date:	09/23/1993 10:05 AM	Fiscal Year Close	9
Status:	Active		
Duration Term:	Perpetual		
Public/Mutual Benefit:	Public		

**Registered Agent Address**  
GREGORY DUCKETT  
350 N HUMPHREYS BLVD  
MEMPHIS, TN 38120-2177

**Principal Address**  
350 N HUMPHREYS BLVD  
MEMPHIS, TN 38120-2177

The following document(s) was/were filed in this office on the date(s) indicated below:

Date Filed	Filing Description	Image #
09/24/2014	2014 Annual Report	B0008-6074
11/22/2013	2013 Annual Report	7251-3012
10/12/2012	2012 Annual Report	7103-0900
02/02/2012	Assumed Name	6991-1231
	New Assumed Name Changed From: No Value To: Baptist Medical Group	
09/23/2011	2011 Annual Report	6941-2684
08/23/2011	Assumed Name	6932-1055
	New Assumed Name Changed From: No Value To: THE PRIMARY CARE FOUNDATION	
10/15/2010	2010 Annual Report	6782-2909
10/20/2009	2009 Annual Report	6613-2038
04/28/2009	Assumed Name	6525-2665
10/23/2008	2008 Annual Report	6391-2712
10/24/2007	2007 Annual Report	6150-0957
10/16/2007	Articles of Amendment	6144-1802
	Name Changed	
11/20/2006	2006 Annual Report	5892-0844
10/19/2005	2005 Annual Report	5587-1002

3/11/2015 4:11:33 PM

## Filing Information

Name: **BAPTIST MEMORIAL MEDICAL GROUP, INC.**

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12/01/2004	2004 Annual Report	5291-1469
10/01/2003	2003 Annual Report	4924-0441
12/17/2002	2002 Annual Report	4677-0246
	Principal Address Changed	
	Registered Agent Physical Address Changed	
07/31/2002	Administrative Amendment	4565-1576
	Mail Address Changed	
01/16/2002	2001 Annual Report	4395-2171
12/29/2000	2000 Annual Report	4074-1537
	Registered Agent Changed	
03/20/1998	Notice of Determination	ROLL 3476
09/23/1993	Initial Filing	2738-1437

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**Active Assumed Names (if any)**

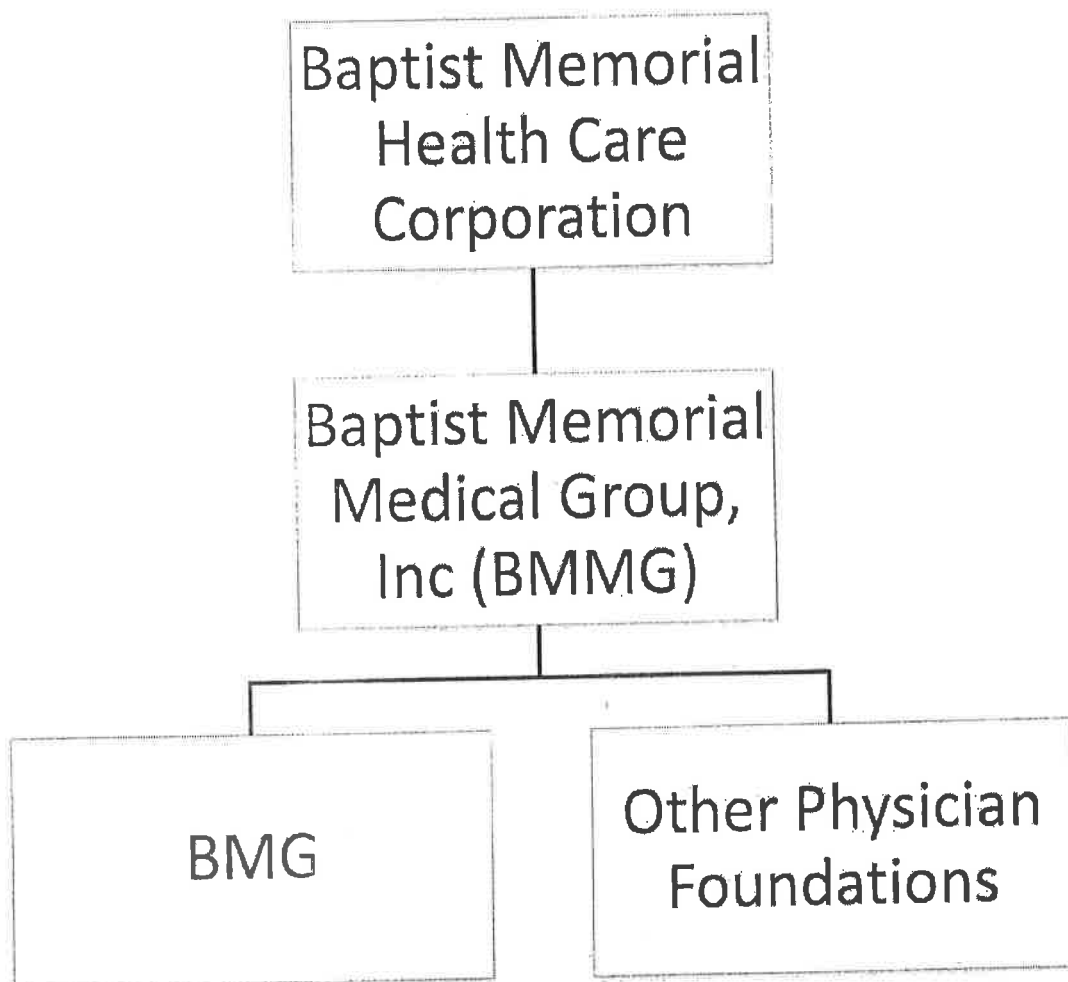
	<u>Date</u>	<u>Expires</u>
Baptist Medical Group	02/08/2012	02/02/2017
THE PRIMARY CARE FOUNDATION	08/23/2011	08/23/2016

# **Organizational Chart**

## **Section A-4**

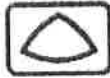


ORGANIZATION CHART



# Lease Intent Agreement

## Section A-6



MAR 15 15 48:21

Letter of Intent from Baptist Memorial Regional Rehabilitation Services, Inc., to  
Baptist Memorial Medical Group, Inc.

Re: Letter of Intent Regarding the Lease of Space for Magnetic Resonance Imaging at  
Baptist Rehabilitation - Germantown

Dear Robert Vest:

The purpose of this letter is to memorialize the intent of Baptist Memorial Regional Rehabilitation Services, Inc. ("BMRRS") and Baptist Memorial Medical Group, Inc. ("BMMG") to enter into a lease agreement as follows:

1. BMRRS shall lease to BMMG space currently located in Baptist Rehabilitation-Germantown Hospital ("BRGH") allocated to the operation of a Magnetic Resonance Imaging ("MRI") service, said space consisting of approximately 1,200 square feet.
2. The rent payable by BMMG for the space described in paragraph 1. is projected to be \$25,000 per year, subject to the understanding that the actual amount of rent payable may be adjusted based on a fair market value determination consistent with applicable law.
3. The initial term of the lease shall be five (5) years, and thereafter renewable upon mutually agreeable terms.
4. BMMG may lease from BMRRS other space located in the BRGH for use by BMMG physicians and other purposes, and this Letter of Intent addresses only the portion of BRGH allocated to the MRI service.
5. The final terms of the lease between BMRRS and BMMG shall be subject to (a) a definitive lease agreement with terms and conditions mutually agreeable to both parties, and (b) BMMG obtaining a certificate of need from the Tennessee Health Services and Development Agency to initiate MRI services in the space described in this Letter of Intent.

If the terms of this Letter of Intent are acceptable, please so indicate by signing at the space indicated.

Accepted:

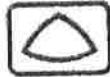
Very truly yours,

Date:

3-12-15

# Equipment Transfer Intent Agreement

## Section A-6



Letter of Intent from Baptist Memorial Regional Rehabilitation Services, Inc., to  
Baptist Memorial Medical Group, Inc.

Re: Letter of Intent Regarding Transfer of Equipment for Magnetic Resonance Imaging  
Services at Baptist Rehabilitation - Germantown

Dear Robert Vest:

The purpose of this letter is to memorialize the intent of Baptist Memorial Regional Rehabilitation Services, Inc. ("BMRRS") and Baptist Memorial Medical Group, Inc. ("BMMG") to enter into an agreement to transfer Siemens Magnetom Espree Magnetic Resonance Imaging 1.5 Tesla equipment with a fair market value estimated at \$480,000.00.

The final terms between BMRRS and BMMG shall be subject to BMMG obtaining a certificate of need from the Tennessee Health Services and Development Agency to initiate MRI services with the equipment described in this Letter of Intent.

If the terms of this Letter of Intent are acceptable, please so indicate by signing at the space indicated.

Very truly yours,

Accepted:

Date:

3-12-15

## **Plot Plan**

### **Section B, III, A (1)**

FARMINGTON SHOPPING CENTER  
PLAT BOOK 77, PAGE 38  
SC-1  
ZONING

T.B.M.

EXETER ROAD

(106' ROW)

R=1053.00  
A=69.94  
D=3°48'20"

N 01°57'57"W

511.14

FARMINGTON SHOPPING CENTER  
FIRST ADDITION, PARCEL 2  
PLAT BOOK 84, PAGE 81  
SC-1  
ZONING

100.00  
N 00°13'53"W

FARMINGTON SHOPPING CENTER  
FIRST ADDITION, PARCEL 8  
PLAT BOOK 84, PAGE 81  
SC-1  
ZONING

N 76°47'25"W

409.83

569.03

N 87°57'20"E

10.97 Ac.

28.83

103.19

S 04°50'40"E

S 25°02'30"E

102.68

S 30°55'47"E

92.81

S 29°47'28"E

251.18

S 17°02'00"E

185.95

S 21°57'35"W

FARMINGTON SUBDIVISION  
SECTION 17  
PLAT BOOK 44, PAGE 33  
R-1  
ZONING

100 50 0

SCALE: 1" = 100' 31

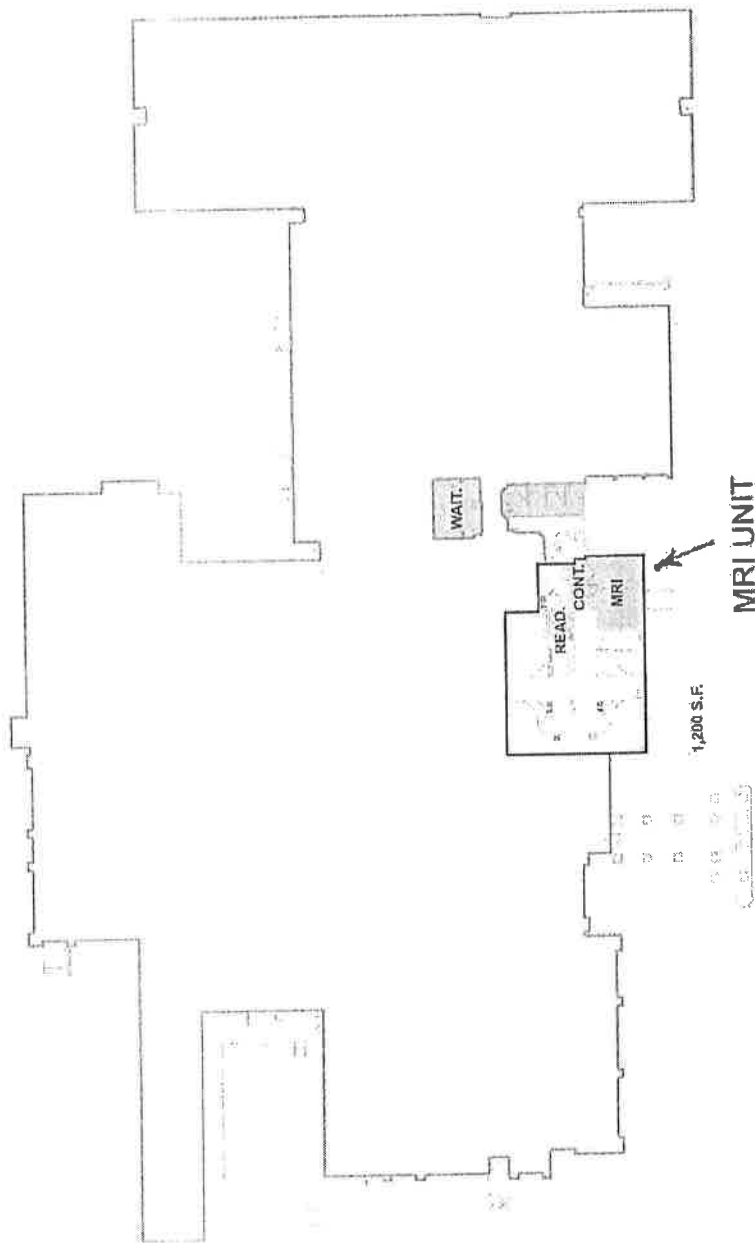


BAPTIST REHABILITATION - GERMANTOWN  
Germantown, Tennessee

## **Floor Plan**

### **Section B, IV**



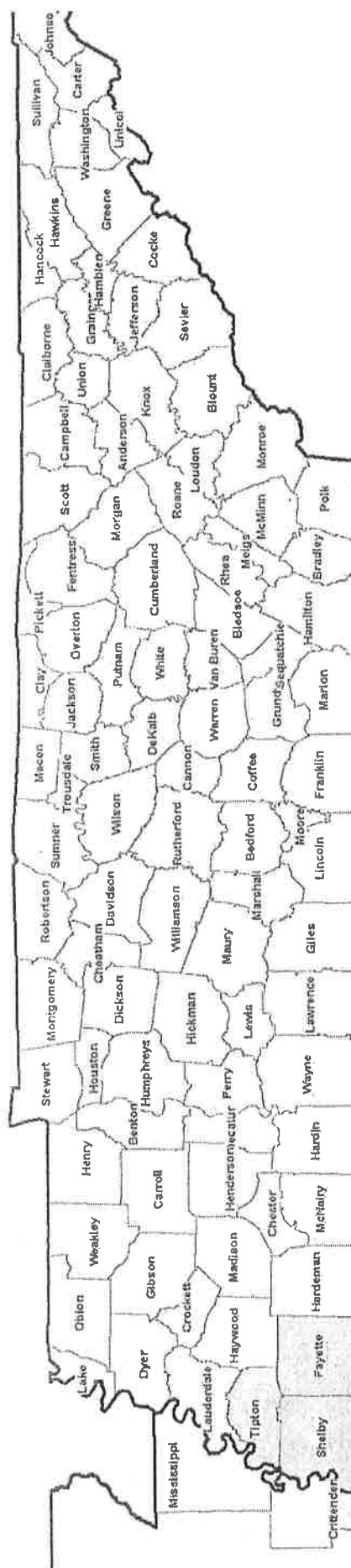


FIRST FLOOR PLAN - MRI

**BAPTIST MEDICAL GROUP - MRI**  
 GERMANTOWN, TENNESSEE  
 03/09/2015

## **Service Area Map**

### **Section C, 3**



## **Chief Financial Officer Letter**

### **Economic Feasibility 2(E)**



MAR 10 '15 PM 12:30

## LETTER OF INTENT

### TENNESSEE HEALTH SERVICES AND DEVELOPMENT AGENCY

The Publication of Intent is to be published in the Commercial Appeal which is a newspaper  
(Name of Newspaper)  
of general circulation in Shelby and other counties in, Tennessee, on or before March 10, 2015,  
(County) (Month / day) (Year)  
for one day.

=====

This is to provide official notice to the Health Services and Development Agency and all interested parties, in accordance with T.C.A. § 68-11-1601 *et seq.*, and the Rules of the Health Services and Development Agency, that: Baptist Memorial Medical Group, Inc. d/b/a Baptist Medical Group, a physicians group, with an ownership type of Corporation intends to file an application for a certificate of need to initiate magnetic resonance imaging ("MRI") services at 2100 Exeter Road, Germantown, Tennessee 38138 as part of its practice. The MRI unit that will be used by Baptist Medical Group is currently owned and operated at this location by Baptist Rehabilitation-Germantown, and the unit will be transferred to Baptist Medical Group as part of project. The project does not involve any other facility or service for which a certificate of need is required. The estimated project cost for certificate of need purposes is \$1,262,000.

The anticipated date of filing the application is: March 13, 2015

The contact person for this project is Arthur Maples Director Strategic Analysis  
(Contact Name) (Title)

who may be reached at: Baptist Memorial Health Care Corporation 350 N Humphreys Blvd  
(Company Name) (Address)

Memphis TN 38120 901 / 227-4137  
(City) (State) (Zip Code) (Area Code / Phone Number)

Arthur Maples 3/9/2015 arthur.maples@bmhcc.org  
(Signature) (Date) (E-mail Address)

=====

The Letter of Intent must be filed in triplicate and received between the first and the tenth day of the month. If the last day for filing is a Saturday, Sunday or State Holiday, filing must occur on the preceding business day. File this form at the following address: **Health Services and Development Agency**

**Andrew Jackson Building  
502 Deaderick Street, 9<sup>th</sup> Floor  
Nashville, Tennessee 37243**

=====

The published Letter of Intent must contain the following statement pursuant to T.C.A. § 68-11-1607(c)(1). (A) Any health care institution wishing to oppose a Certificate of Need application must file a written notice with the Health Services and Development Agency no later than fifteen (15) days before the regularly scheduled Health Services and Development Agency meeting at which the application is originally scheduled; and (B) Any other person wishing to oppose the application must file written objection with the Health Services and Development Agency at or prior to the consideration of the application by the Agency.



## State of Tennessee

### Health Services and Development Agency

Andrew Jackson, 9<sup>th</sup> Floor, 502 Deaderick Street, Nashville, TN 37243

[www.tn.gov/hsda](http://www.tn.gov/hsda)

Phone: 615-741-2364

Fax: 615-741-9884

April 1, 2015

Arthur Maples  
Baptist Memorial Healthcare Corporation  
350 N Humphreys Blvd  
Memphis, TN 38120

RE: Certificate of Need Application -- Baptist Memorial Group, Inc. d/b/a Baptist Medical Group - CN1503-010

To initiate magnetic resonance imaging (MRI) services in leased space on the campus of Baptist Rehabilitation-Germantown, 2100 Exeter Road, Germantown (Shelby County), Tennessee, as part of the medical group's practice. An existing 1.5 Tesla fixed MRI unit owned and operated by Baptist Rehabilitation-Germantown will be transferred to Baptist Medical Group as part of the project. Other than the change in operation, no change in site, equipment or imaging services will change as a result of the project. The primary service area includes Shelby, Tipton and Fayette Counties. The estimated project cost is \$1,262,000.00

Dear Mr Maples:

This is to acknowledge the receipt of supplemental information to your application for a Certificate of Need.

Please be advised that your application is now considered to be complete by this office. Your application is being forwarded to the Tennessee Department of Health and/or its representative for review.

In accordance with Tennessee Code Annotated, §68-11-1601, et seq., as amended by Public Chapter 780, the 60-day review cycle for this project will begin on April 1, 2015. The first sixty (60) days of the cycle are assigned to the Department of Health, during which time a public hearing may be held on your application. You will be contacted by a representative from this Agency to establish the date, time and place of the hearing should one be requested. At the end of the sixty (60) day period, a written report from the Department of Health or its representative will be forwarded to this office for Agency review within the thirty (30)-day period immediately following. You will receive a copy of their findings. The Health Services and Development Agency will review your application on June 24, 2015.

Arthur Maples  
350 N Humphreys Blvd  
April 1, 2015  
Page 2

Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):

- (1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.
- (2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have questions or require additional information, please contact me.

Sincerely,



Melanie M. Hill  
Executive Director

cc: Trent Sansing, CON Director, Division of Health Statistics



**State of Tennessee**

**Health Services and Development Agency**

Andrew Jackson, 9<sup>th</sup> Floor, 502 Deaderick Street, Nashville, TN 37243  
[www.tn.gov/hsda](http://www.tn.gov/hsda) Phone: 615-741-2364 Fax: 615-741-9884

---

MEMORANDUM

TO: Trent Sansing, CON Director  
Office of Policy, Planning and Assessment  
Division of Health Statistics  
Andrew Johnson Tower, 2nd Floor  
710 James Robertson Parkway  
Nashville, Tennessee 37243

FROM: Melanie M. Hill  
Executive Director

DATE: April 1, 2015

RE: Certificate of Need Application  
Baptist Memorial Group, Inc. d/b/a Baptist Medical Group -  
CN1503-010

Please find enclosed an application for a Certificate of Need for the above-referenced project.

This application has undergone initial review by this office and has been deemed complete. It is being forwarded to your agency for a sixty (60) day review period to begin on April 1, 2015 and end on May 1, 2015.

Should there be any questions regarding this application or the review cycle, please contact this office.

Enclosure

cc: Arthur Maples





## State of Tennessee

### Health Services and Development Agency

Andrew Jackson, 9<sup>th</sup> Floor, 502 Deaderick Street, Nashville, TN 37243

[www.tn.gov/hsda](http://www.tn.gov/hsda)

Phone: 615-741-2364

Fax: 615-741-9884

March 18, 2015

Arthur Maples, Director of Strategic Analysis  
350 North Humphreys Blvd.  
Memphis, TN 38120

RE: Certificate of Need Application CN1503-010  
Baptist Memorial Medical Group, Inc. d/b/a Baptist Medical Group

Dear Mr. Maples:

This will acknowledge our March 13, 2015 receipt of your application for a Certificate of Need to initiate magnetic resonance imaging (MRI) services in leased space on the campus of Baptist Rehabilitation-Germantown, 2100 Exeter Road, Germantown (Shelby County), Tennessee, as part of the medical group's practice. An existing 1.5 Tesla fixed MRI unit owned and operated by Baptist Rehabilitation-Germantown will be transferred to Baptist Medical Group as part of the project. Other than the change in operation, no change in site, equipment or imaging services will change as a result of the project.

Several items were found which need clarification or additional discussion. Please review the list of questions below and address them as indicated. The questions have been keyed to the application form for your convenience. I should emphasize that an application cannot be deemed complete and the review cycle begun until all questions have been answered and furnished to this office.

Please submit responses in triplicate by 4 p.m., March 24, 2015. If the supplemental information requested in this letter is not submitted by or before this time, then consideration of this application may be delayed into a later review cycle.

---

#### 1. Section A, Item 3

The response with attached organizational chart is noted. In the description on page 5, the applicant states that Baptist Medical Group (BMG) is a wholly owned subsidiary of Baptist Memorial Health Care Corporation. Please identify the owner's interest in any other health care institutions in Tennessee as defined in TCA §68-11-1602. Please include a list with the name, address, current status of licensure for each health care institution identified. Of these, please note the hospitals or ODCs, etc. that have existing MRI units (fixed units/mobile units).

Please also identify any facilities with outstanding Certificate of Need projects involving MRI services and a brief update about the status of same.

Other than the proposed location, please briefly describe the involvement BMG has with other existing MRI sites identified in the response above, such as medical supervision or image interpretation by BMG radiologists, referral coordination, etc.

#### 2. Section A, Item 6

The signed option to lease for the 1,200 square foot area at Baptist-Rehab-Germantown that houses the existing MRI unit is noted. Please identify the names of the organizations & titles of the individuals authorized to sign for the parties.

The lease terms indicate \$125,000 five-year lease cost may be adjusted based on a fair market value. What is applicant's estimate of the comparable market value at present for this type of use?

Documentation attesting to ownership of property and land such as a copy of title or deed appears to be missing from the attachments to the application. Please provide this information.

**3. Section A, Item 8**

The response is noted. It appears that the MRI service approved in CN9812-084A will transfer from operation by the hospital to the applicant's private non-profit medical group practice. Does Baptist Rehabilitation-Germantown plan to voluntarily surrender the hospital MRI service approved in CN9812-084A? Please confirm.

**4. Section A, Project Description, Item 13**

The participation of Baptist Medical Group in all active TennCare MCOs is noted. Please briefly describe the potential for increases in TennCare utilization of the MRI service based on new operation by BMG.

An immediate benefit of the project appears to be interpretation of MRI images by radiologists employed by BMG. Please describe the arrangement planned for their participation in the TennCare MCOs noted in this item of the application. If billing separately, it would be helpful to include names, medical and provider license numbers of the radiologists involved in this regard.

**5. Section B, Project Description, Item I.A**

The executive summary of the project is noted. If approved, it appears that the project will be the applicant's first experience in operating a fixed MRI service in the proposed primary service area. Please add a brief description of the plans for oversight by BMG's governing body and daily operation of the MRI service, including medical supervision and the patient accounts management system, at a minimum.

Please include confirmation of the transferring hospital or owner's intent to surrender the original Certificate of Need initiating MRI services at this location (CN9812-084A).

Review of HSDA Equipment Registry records and the 2013 Joint Annual Report for Baptist Rehabilitation-Germantown (BRG) revealed a fixed unit at the hospital and an off-site BRG-Briarcrest shared MRI unit with utilization of 1,212 procedures and 613 procedures, respectively, in CY2013. To what extent, if any, does the proposed change in operation of the fixed unit at the hospital impact operations of the off-site BRG-Briarcrest shared unit? Please explain.

It appears that the service area of the MRI service would change given the new operation by BMG based on a projected 2-fold increase in utilization from existing volumes and the discontinuation of services for Baptist Rehab-Germantown inpatients. Please include a brief description of the service area in the summary, including the names of the counties that are expected to account for 80% or more of the applicant's projected utilization in Year 1.

**6. Section B, Project Description, Item II A.**

The description is noted. It is understood that no construction is necessary; however, \$3,500 in architectural and engineering fees and \$75,000 in a contingency reserve has been included in the

project's total cost. Please clarify why these amounts are included in the total estimated project cost.

The location of the MRI unit appears to be on the ground floor in lieu of the first floor location on the floor drawing. Please clarify.

Please briefly describe how the existing space of the MRI service unit translates to ease of access/use by patients of BMG.

**7. Section B, Project Description, Item II.E (MRI Equipment)**

Item 1.a.1. (total cost) - please attach a statement from the vendor that attests to the estimated \$420,000 - \$480,000.00 value of the unit in the applicant's 3/12/15 letter of intent submitted with the application. In your response, please also identify the estimated replacement cost of a new unit similar to the existing Siemens 1.5 Tesla open MRI unit.

Item 1.a.2 (expected useful life) – it appears that the existing MRI unit has been operating for approximately 15 years. Please identify the year purchased and estimated remaining useful life before replacement of the unit is necessary.

Item 1.a.3 (clinical applications) – the applications by standard CPT code are noted. With budgeted costs for imaging interpretation fees in the Projected Data Chart page 24 of \$172,800 in Year 1, will MRI images be interpreted by board certified, TN licensed radiologists who are employees of the practice or by contract with other radiologists? Please briefly describe the arrangement planned for covering the costs of professional imaging interpretation fees, including billing of same by BMG, as appropriate.

Item 1.a.4 (FDA approval) – please submit a copy of the FDA approval letter pertaining to the existing 1.5 tesla MRI unit

Item 1.b (schedule of MRI service) – please identify the hours of operation, including days of week of the applicant's proposed MRI service

**8. Section B, Project Description, Item III (Plot Plan) and Item IV (Floor Plan)**

Plot Plan - the location of the existing MRI service on the hospital campus is not shown in the plot plan. In addition, it would be helpful to show the main and/or closest entrance to the service for use by patients. Please submit a revised plot plan.

Floor Plan – the plan is illegible and too small to identify the layout of the applicant's proposed MRI service. Please revise by enlarging the drawing of the MRI area and identifying all key areas.

**9. Section C, Need, Item 1 (Specific Criteria, MRI and State Health Plan)**

MRI Specific Criteria - The response is noted. Based on the applicant's proposal to initiate MRI services based on transferring operations from the hospital to BMG, your responses to the specific criteria would be helpful to a better understanding of the nature and scope of the project with respect to medical supervision, image interpretation, expanded use by residents of the proposed primary service area, etc.. Accordingly, please provide responses to the criteria and standards for MRI. A copy of same is found in Exhibit I at the end of this questionnaire.

State Health Plan- Please provide responses to the each of the 5 key principles of the plan. A copy of the principles is attached as Exhibit 2 at the end of the questionnaire.

**10. Section C, Need, Item 3 and 4.A**

The responses are noted. The applicant states that the proposed primary service area (PSA) is reasonable since it represents the origin of current patients served at Baptist Rehab-Germantown (BRG) and the locations served by physicians of the medical group. As such, please show resident MRI utilization by completing the table below. Please contact Alecia Craighead, Stat III, for assistance with data from the HSDA Equipment Registry.

**Patient Origin Trend by Residents of Applicant's PSA, 2011-2013**

County of Residence	Residents MRI Scans 2011	Resident MRI Scans 2012	PSA MRI Scans - 2013	% Change '11-'13	2013 Total Provider MRI Scans	2013 Resident Scans as a % of Total Scans of Providers located in County	2013 Resident Scans as a % of BRG Scans
Shelby							
Fayette							
Other TN Counties							
TN Total							

**11. Section C, Need, Item 5**

The table is noted. Some additional information would be helpful to further illustrate historical utilization in the PSA. Please complete the revised table below using data from the HSDA Equipment Registry.

**Historical Utilization of Existing MRI Providers in Applicant's PSA, 2011-**

**2013**

Provider Name	Current # units (type)	Count y	Distanc e from existing BRG unit (miles)	2011	2012	2013	% Change '11-'13	2013 procedure s by PSA Residents
Total								

Review of the HSDA staff summary and application for the existing MRI in CN9812-084A revealed projected utilization of approximately 2,200 MRI procedures per year in Year 2 and after. Was this accomplished? Please briefly discuss the utilization of the existing BRG service from calendar year 2000 up to CY2011.

**12. Section C, Need, Item 6**

The applicant has not provided an overview of the methodology used to develop the 2-fold increase in projected utilization of the existing MRI unit. Based on a 4.4% declining trend in MRI utilization of Shelby County MRI providers from CY 2011-2013 some clarification of the projected utilization that justifies the significant increase from historical utilization is needed. Please identify and briefly explain the methodology used to develop the projected MRI volumes in Year 1 and Year 2 of the project. In your response, please also provide an estimate of referrals by specialty to the applicant's MRI service during the first year of operation:

Physician Specialty	# MRI Referrals
Family Practice	
Internal Medicine	
Pediatrics	
OB/GYN	
Orthopedics	
General Surg	
Radiology	
Neurology	
Neurosurgery	
Podiatry	
Oncology	
Cardiology	
Urology	
Other	
TOTAL	

**13. Section C, Economic Feasibility, Item 1 (Project Costs Chart) and Item 3**

The chart is noted. Given that no construction or renovation appears to be necessary, please explain the \$3,500 in architectural/engineering fees and the \$75,000 amount budgeted as a contingency cost.

It appears that the \$125,000 cost of the 5-year lease for the 1,200 square foot area or the fair market value (FMV) of the space, whichever is higher, is missing from line B.1 of the chart. Please identify the estimated FMV amount of the space.

As noted, please also provide documentation from a MRI vendor that confirms both the \$480,000 Fair Market Value (FMV) cost of the MRI unit and the \$239,215 five-year maintenance cost used in the chart.

Please clarify the amounts requested for the office space and the MRI unit.

Please also note that the total in line D (Estimated Project Cost) amounts to \$807,715 in lieu of the \$1,259,000 shown in the chart.

Please identify the amounts requested for the office space and the MRI unit, provide a revised total project cost and CON filing fee (if applicable), and submit a revised chart for the application labeled as replacement page 19-R. Please submit a check for the additional filing fee with your response.

**14. Section C, Economic Feasibility, Item 2 and Item 10**

Item 2 - Please provide documentation from the Chief Financial Officer (CFO) of Baptist Medical Group or the parent organization that identifies the estimated amount need to fund the project and attests to the availability of sufficient cash reserves to support the project.

Item 10 - Please also include financial statements from same that supports the amounts needed and demonstrate the applicant's ability to financially sustain the MRI service.

**15. Section C, Economic Feasibility, Item 4**

Historical Data Chart

The applicant states that BMG has no historical data available. At a minimum, it would be helpful to have a Historical Data Chart for the parent organization that corresponds to the most recent fiscal periods in the financial statements requested for the application.

Projected Data Chart

With respect to Gross Operating Revenue, the average gross charge in the chart amounts to approximately \$1,247 per procedure in Year 1. Per HSDA records, BRG reported 1,212 MRI procedures and \$3,254,466 in gross charges in CY2013 which results in an average gross charge of approximately \$2,685 per MRI procedure. Are the amounts projected for gross operating revenue understated in the chart? Please clarify.

With respect to Operating Expenses, please explain how the amounts were determined for the following expenses:

Line 1- staff salaries (*please include # FTE*)

Line 2 - Physician salaries

Line 5 - Depreciation

Line 9- Other Expenses, Imaging Interpretation Fees

Line 9 – Other Expenses, maintenance (*please note that the annual amount budgeted differs from the \$47,843 per year cost used in the Project Costs Chart*)

**16. Section C, Economic Feasibility, Item 5 and Item 6**

Item 5 - as noted, the applicant states that the average gross charge will be \$1,247 per MRI procedure in Year 1. This amount varies from the average gross charge of \$2,685 per procedure for the existing unit in CY2013 as reflected in HSDA Equipment Registry records. Please clarify.

Item 6.a. - given the amounts budgeted for imaging interpretation fees in the Projected Data Chart, e.g. \$172,800 in Year 1, it appears that the applicant may be planning to use a global rate for MRI procedures. Please describe the plans for billing professional fees.

Item 6.b. – the table is noted. Please identify the current Medicare allowable amount for the major CPT classifications shown in the table.

**17. Section C, Economic Feasibility, Item 9**

As noted, both the CFO letter and copies of financial statements for either the applicant or the parent organization are missing from the application. Please provide this information.

### 18. Section C, Orderly Development, Item 3

The response is noted. Please complete the table illustrating the staffing planned by the applicant to continue staffing for the MRI service.

Position Title	Existing FTEs (enter year)	Projected FTEs Year 1	Average Wage	Area-wide Average Wage
Total				

### 19. HSDA Equipment Registry

The 2014 annual report of utilization and update for equipment registered by the applicant's parent company, Baptist Memorial Health Care Corporation, including the existing 1.5 Tesla MRI unit that is the subject of this proposal, is due by the end of March 2015. Please confirm plans to submit the information on or before March 31, 2015.

### 20. Proof of Publication

The date and name of newspaper was missing from the application. Please submit a copy of the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit which is supplied by the newspaper as proof of the publication of the letter of intent.

In accordance with Tennessee Code Annotated, §68-11-1607(c) (5), "...If an application is not deemed complete within sixty (60) days after written notification is given to the applicant by the agency staff that the application is deemed incomplete, the application shall be deemed void." **For this application the sixtieth (60<sup>th</sup>) day after written notification is May 18, 2015. If this application is not deemed complete by this date, the application will be deemed void.** Agency Rule 0720-10-.03(4) (d) (2) indicates that "Failure of the applicant to meet this deadline will result in the application being considered withdrawn and returned to the contact person. Re-submittal of the application must be accomplished in accordance with Rule 0720-10-.03 and requires an additional filing fee." Please note that supplemental information must be submitted timely for the application to be deemed complete prior to the beginning date of the review cycle which the applicant intends to enter, even if that time is less than the sixty (60) days allowed by the statute. The supplemental information must be submitted in triplicate, with a properly executed and notarized affidavit. Please attach the notarized affidavit to the supplemental information.

If all supplemental information is not received and the application officially deemed complete prior to the beginning of the next review cycle, then consideration of the application could be delayed into a later review cycle. The review cycle for each application shall begin on the first day of the month after the application has been deemed complete by the staff of the Health Services and Development Agency.

*Any communication regarding projects under consideration by the Health Services and Development Agency shall be in accordance with T.C.A. § 68-11-1607(d):*

*(1) No communications are permitted with the members of the agency once the Letter of Intent initiating the application process is filed with the agency. Communications between agency members and agency staff shall not be prohibited. Any communication received by an agency member from a person unrelated to the applicant or party opposing the application*

Mr. Arthur Maples  
March 18, 2015  
Page 8

*shall be reported to the Executive Director and a written summary of such communication shall be made part of the certificate of need file.*

- (2) All communications between the contact person or legal counsel for the applicant and the Executive Director or agency staff after an application is deemed complete and placed in the review cycle are prohibited unless submitted in writing or confirmed in writing and made part of the certificate of need application file. Communications for the purposes of clarification of facts and issues that may arise after an application has been deemed complete and initiated by the Executive Director or agency staff are not prohibited.

Should you have any questions or require additional information, please contact this office.

Sincerely,



Philip Grimm, MHA

HSDA Examiner

Tennessee Health Services and Development Agency



## **Exhibit 1 – MRI Project Specific Criteria; Section C, Need, Item 1**

### **Magnetic Resonance Imaging Standards and Criteria**

1. Utilization Standards for non-Specialty MRI Units.
  - a. An applicant proposing a new non-Specialty stationary MRI unit should project a minimum of at least 2160 MRI procedures in the first year of service, building to a minimum of 2520 procedures per year by the second year of service, and building to a minimum of 2800 procedures per year by the third year of service and for every year thereafter.
  - b. Providers proposing a new non-Specialty mobile MRI unit should project a minimum of at least 360 mobile MRI procedures in the first year of service per day of operation per week, building to an annual minimum of 420 procedures per day of operation per week by the second year of service, and building to a minimum of 480 procedures per day of operation per week by the third year of service and for every year thereafter.
  - c. An exception to the standard number of procedures may occur as new or improved technology and equipment or new diagnostic applications for MRI units are developed. An applicant must demonstrate that the proposed unit offers a unique and necessary technology for the provision of health care services in the Service Area.
  - d. Mobile MRI units shall not be subject to the need standard in paragraph 1b if fewer than 150 days of service per year are provided at a given location. However, the applicant must demonstrate that existing services in the applicant's geographical area are not adequate and/or that there are special circumstances that require these additional services.
2. Access to MRI Units. All applicants for any proposed new MRI Unit should document that the proposed location is accessible to approximately 75% of the service area's population. Applications that include non-Tennessee counties in their proposed service areas should provide evidence of the number of existing MRI units that service the non-Tennessee counties and the impact on MRI unit utilization in the non-Tennessee counties, including the specific location of those units located in the non-Tennessee counties, their utilization rates, and their capacity (if that data are available).

3. Economic Efficiencies. All applicants for any proposed new MRI Unit should document that alternate shared services and lower cost technology applications have been investigated and found less advantageous in terms of accessibility, availability, continuity, cost, and quality of care.

4. Need Standard for non-Specialty MRI Units.

A need likely exists for one additional non-Specialty MRI unit in a Service Area when the combined average utilization of existing MRI service providers is at or above 80% of the total capacity of 3600 procedures, or 2880 procedures, during the most recent twelve-month period reflected in the provider medical equipment report maintained by the HSDA. The total capacity per MRI unit is based upon the following formula:

Stationary MRI Units:  $1.20 \text{ procedures per hour} \times \text{twelve hours per day} \times 6 \text{ days per week} \times 50 \text{ weeks per year} = 3,600 \text{ procedures per year}$

Mobile MRI Units: Twelve (12) procedures per day x days per week in operation x 50 weeks per year. For each day of operation per week, the optimal efficiency is 480 procedures per year, or 80 percent of the total capacity of 600 procedures per year.

5. Need Standards for Specialty MRI Units.

- a. Dedicated fixed or mobile Breast MRI Unit. An applicant proposing to acquire a dedicated fixed or mobile breast MRI unit shall demonstrate that annual utilization of the proposed MRI unit in the third year of operation is projected to be at least 1,600 MRI procedures (.80 times the total capacity of 1 procedure per hour times 40 hours per week times 50 weeks per year), and that:

1. It has an existing and ongoing working relationship with a breast-imaging radiologist or radiology proactive group that has experience interpreting breast images provided by mammography, ultrasound, and MRI unit equipment, and that is trained to interpret images produced by an MRI unit configured exclusively for mammographic studies;
2. Its existing mammography equipment, breast ultrasound equipment, and the proposed dedicated breast MRI unit is in compliance with the federal Mammography Quality Standards Act;
3. It is part of an existing healthcare system that provides comprehensive cancer care, including radiation oncology, medical oncology, surgical

oncology and an established breast cancer treatment program that is based in the proposed service area.

4. It has an existing relationship with an established collaborative team for the treatment of breast cancer that includes radiologists, pathologists, radiation oncologists, hematologist/oncologists, surgeons, obstetricians/gynecologists, and primary care providers.
- b. Dedicated fixed or mobile Extremity MRI Unit. An applicant proposing to institute a Dedicated fixed or mobile Extremity MRI Unit shall provide documentation of the total capacity of the proposed MRI Unit based on the number of days of operation each week, the number of days to be operated each year, the number of hours to be operated each day, and the average number of MRI procedures the unit is capable of performing each hour. The applicant shall then demonstrate that annual utilization of the proposed MRI Unit in the third year of operation is reasonably projected to be at least 80 per cent of the total capacity.
- c. Dedicated fixed or mobile Multi-position MRI Unit. An applicant proposing to institute a Dedicated fixed or mobile Multi-position MRI Unit shall provide documentation of the total capacity of the proposed MRI Unit based on the number of days of operation each week, the number of days to be operated each year, the number of hours to be operated each day, and the average number of MRI procedures the unit is capable of performing each hour. The applicant shall then demonstrate that annual utilization of the proposed MRI Unit in the third year of operation is reasonably projected to be at least 80 per cent of the total capacity.
6. Separate Inventories for Specialty MRI Units and non-Specialty MRI Units. Breast, Extremity, and Multi-position MRI Units shall not be counted in the inventory of non-Specialty fixed or mobile MRI Units, and an inventory for each category of Specialty MRI Unit shall be counted and maintained separately. None of the Specialty MRI Units may be replaced with non-Specialty MRI fixed or mobile MRI Units and a Certificate of Need granted for any of these Specialty MRI Units shall have included on its face a statement to that effect. A non-Specialty fixed or mobile MRI Unit for which a CON is granted for Specialty MRI Unit purpose use-only shall be counted in the specific Specialty MRI Unit inventory and shall also have stated on the face of its Certificate of Need that it may not be used for non-Specialty MRI purposes.
7. Patient Safety and Quality of Care. The applicant shall provide evidence that any proposed MRI Unit is safe and effective for its proposed use.

- a. The United States Food and Drug Administration (FDA) must certify the proposed MRI Unit for clinical use.
  - b. The applicant should demonstrate that the proposed MRI Procedures will be offered in a physical environment that conforms to applicable federal standards, manufacturer's specifications, and licensing agencies' requirements.
  - c. The applicant should demonstrate how emergencies within the MRI Unit facility will be managed in conformity with accepted medical practice.
  - d. The applicant should establish protocols that assure that all MRI Procedures performed are medically necessary and will not unnecessarily duplicate other services.
  - e. An applicant proposing to acquire any MRI Unit, including Dedicated Breast and Extremity MRI Units, shall demonstrate that:
  - f. All applicants shall commit to obtain accreditation from the Joint Commission, the American College of Radiology, or a comparable accreditation authority for MRI within two years following operation of the proposed MRI Unit.
  - g. All applicants should seek and document emergency transfer agreements with local area hospitals, as appropriate. An applicant's arrangements with its physician medical director must specify that said physician be an active member of the subject transfer agreement hospital medical staff.
8. The applicant should provide assurances that it will submit data in a timely fashion as requested by the HSDA to maintain the HSDA Equipment Registry.
  9. In light of Rule 0720-11.01, which lists the factors concerning need on which an application may be evaluated, and Principle No. 2 in the State Health Plan, "Every citizen should have reasonable access to health care," the HSDA may decide to give special consideration to an applicant:
    - a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration;
    - b. Who is a "safety net hospital" or a "children's hospital" as defined by the Bureau of TennCare Essential Access Hospital payment program; or

- c. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program.

**Exhibit 2 - Section C, Need, Item 1 (State Health Plan)**

Please discuss how the proposed project will relate to the 5 Principles for Achieving Better Health of the State Health Plan. Each Principle is listed below with example questions to help the applicant in its thinking.

1. The purpose of the State Health Plan is to improve the health of Tennesseans.
  - a. How will this proposal protect, promote, and improve the health of Tennesseans over time?
  - b. What health outcomes will be impacted and how will the applicant measure improvement in health outcomes?
  - c. How does the applicant intend to act upon available data to measure its contribution to improving health outcomes?
2. Every citizen should have reasonable access to health care.
  - a. How will this proposal improve access to health care? You may want to consider geographic, insurance, use of technology, and disparity issues (including income disparity), among others.
  - b. How will this proposal improve information provided to patients and referring physicians?
  - c. How does the applicant work to improve health literacy among its patient population, including communications between patients and providers?
3. The State's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies, and the continued development of the State's health care system.
  - a. How will this proposal lower the cost of health care?
  - b. How will this proposal encourage economic efficiencies?
  - c. What information will be made available to the community that will encourage a competitive market for health care services?

4. Every citizen should have confidence that the quality of health care is continually monitored and standards are adhered to by health care providers.
  - a. How will this proposal help health care providers adhere to professional standards?
  - b. How will this proposal encourage continued improvement in the quality of care provided by the health care workforce?
5. The state should support the development, recruitment, and retention of a sufficient and quality health care workforce.\*
  - a. How will this proposal provide employment opportunities for the health care workforce?
  - b. How will this proposal complement the existing Service Area workforce?

# **COPY SUPPLEMENTAL-1**

**Baptist Memorial Medical Group  
CN1503-010**

**SUPPLEMENTAL INFORMATION**

**INITIATION OF MRI SERVICES**

**BAPTIST MEMORIAL MEDICAL GROUP  
MARCH 2015**



**March 27, 2015****10:28 pm****1. Section A, Item 3**

The response with attached organizational chart is noted. In the description on page 5, the applicant states that Baptist Medical Group (BMG) is a wholly owned subsidiary of Baptist Memorial Health Care Corporation. Please identify the owner's interest in any other health care institutions in Tennessee as defined in TCA §68-11-1602. Please include a list with the name, address, current status of licensure for each health care institution identified. Of these, please note the hospitals or ODCs, etc. that have existing MRI units (fixed units/mobile units).

Please also identify any facilities with outstanding Certificate of Need projects involving MRI services and a brief update about the status of same.

Other than the proposed location, please briefly describe the involvement BMG has with other existing MRI sites identified in the response above, such as medical supervision or image interpretation by BMG radiologists, referral coordination, etc.

Response**Outstanding Certificate of Need projects involving MRI**

BMG is an 80% member of West Tennessee Imaging, LLC, a Tennessee corporation formed in October 2013 that has an approved CON, CN1403-008, for establishment of an outpatient diagnostic center (ODC). The project will not add capacity to the community and involves relocating the Outpatient Diagnostic Center of Memphis from its present location at 5130 Stage Road in Memphis to a new facility at 7600 Wolf Boulevard in Memphis. The new facility is nearing completion to open within 6 months.

Baptist Memorial Hospital for Women has completed CN1211-058A, which involved construction of an Emergency Department dedicated for pediatric patients and the initiation of Magnetic Resonance Imaging. The MRI unit was installed and MRI services initiated effective October 23, 2013. A final project report will be submitted to the HSDA.

Methodist Healthcare-Memphis Hospitals d/b/a West Cancer Center has an outstanding Certificate of Need, CN1311-043, for the establishment of an off-campus outpatient department, which includes the relocation and replacement of MRI equipment. BMG is not aware of the current status of the project.

Methodist Healthcare-d/b/a Le Bonheur Children's Hospital, has an outstanding Certificate of Need, CN1311-042, to establish a pediatric center, which involves acquiring and initiating and magnetic resonance imaging (MRI) equipment and service. The MRI will be operated as an outpatient department of LeBonheur Children's Hospital.

**March 27, 2015****10:28 pm****BMG Involvement with other existing MRI sites**

As previously stated BMG is the majority member of the West Tennessee Imaging Center, which is BMG's other MRI involvement at this time in Tennessee. Medical supervision and interpretation at the West Tennessee Imaging ODC will be provided by Mid-South Imaging and Therapeutics, P.A. ("MSIT"), which has served the Memphis area for more than 40 years. MSIT will also provide supervision and interpretation for this proposed Baptist Rehabilitation-Germantown location of BMG.

The Director of Radiology for Baptist Medical Group, Don Hubbard, has 30 years' experience in the field of radiology. Mr. Hubbard has served 23 years of that time in the capacity as Director of Radiology for Baptist and was one of the first technologists in the country to perform MRI scans in 1985. He was also the first MRI Application Specialist for Siemens Medical Systems, U.S.A. As Director of Radiology Operations, Mr. Hubbard has been responsible for daily operations of Nuclear Medicine, MRI, CT, Ultrasound, Mammography, DEXA scans, and Interventional Radiology for both the hospital as well as outpatient imaging center settings. Mr. Hubbard started the first and also the most credentialed imaging center in Jonesboro in 2002. He recently transferred from NEA Baptist Clinic in Jonesboro after 13 years as Director of Radiology to the BMG corporate office as Director of Radiology Operations for all BMG physician owned practices.

**Baptist Memorial Health Care Institutions**

Baptist Memorial Health Care Corporation has interests in institutions in Tennessee, Mississippi and Arkansas. The list of Tennessee entities is provided on the following page.

<b>Name</b>	<b>Address</b>	<b>Status of Licensure</b>	<b>MRI Units (fixed/mobile)</b>
Baptist Memorial Hospital dba	6019 Walnut Grove Rd Memphis, TN 38120	Hospital - Active	3 Fixed
Baptist Memorial Hospital - Memphis	6225 Humphreys Blvd Memphis, TN 38120	Hospital - Active	1 Fixed
Baptist Memorial Hospital dba	1500 West Poplar Ave Collierville, TN 38017	Hospital - Active	1 Fixed
Baptist Memorial Hospital - Collierville	6019 Walnut Grove Rd 1 West Memphis, TN 38120	Hospital - Active	
Baptist Memorial Regional Rehabilitation Services, Inc dba	2100 Exeter Rd Germantown, TN 38138	Hospital - Active	1 fixed; 1 fixed shared
Baptist Memorial Restorative Care Hospital	1995 Highway 51 South Covington, TN 38019	Hospital - Active	1 fixed
Baptist Memorial Regional Rehabilitation Services, Inc dba	1201 Bishop St Union City, TN 38261	Hospital - Active	1 Fixed
Baptist Rehabilitation - Germantown	631 RB Wilson Drive Huntingdon, TN 38344	Hospital - Active	1 Fixed
Baptist Memorial Hospital - Tipton, Inc	1618 Hwy 51 S, Unit C Covington, TN 38019	Home Care - Active	
Baptist Memorial Hospital - Union City, Inc	631 RB Wilson Drive Huntingdon, TN 38344	Home Care - Active	
Baptist Memorial Hospital - Huntingdon, Inc	6141 Walnut Grove Rd Memphis, TN 38120	Home Care - Active	
Baptist Home Care & Hospice - Covington	6141 Walnut Grove Rd Memphis, TN 38120	Home Care - Active	
Baptist Memorial Home Care	6025 Walnut Grove Rd Memphis, TN 38120	Home Care - Active	
Baptist Home Care Trinity	6019 Walnut Grove Rd Memphis, TN 38120	Home Care - Active	
Baptist Trinity Home Care - Private Pay Division	2100 Exeter Rd, Ste 101 Germantown, TN 38138	Pharmacy - Active	
Walnut Grove Plaza Pharmacy	80 Humphreys Center Drive #101 Memphis, TN 38120	SNF - Inactive	
Baptist Memorial Hospital - Memphis Skilled Nursing Facility		ASTC - Active	
Baptist Germantown Surgery Center		ASTC - Active	
East Memphis Surgery Center			

**March 27, 2015**  
**10:28 pm**

Hamilton Eye Institute Surgery Center, LP	930 Madison Ave, Ste 101 Memphis, TN 38163	ASTC - Active	
Mays & Schnapp Pain Clinic and Rehabilitation Center	55 Humphreys Center Drive #200 Memphis, TN 38120	ASTC - Active	
Memphis Surgery Center	1044 Cresthaven Memphis, TN 38119	ASTC - Active	
Urocenter	80 Humphreys Ste 310 Memphis, TN 38120	ASTC - Active	
Union City Surgery Center	1722 E Reelfoot Ave, Ste 1 Union City, TN 38261	ASTC - Active	
Baptist Memorial Home Care & Hospice	631 RB Wilson Drive Huntingdon, TN 38344	Hospice - Active	
Baptist Home Care & Hospice	1201 Bishop St Union City, TN 38261	Hospice - Active	
Baptist Home Care & Hospice - Covington	1618 Hwy 51 S, Unit C Covington, TN 38019	Hospice - Active	
Baptist Trinity Hospice	6141 Walnut Grove Rd Memphis, TN 38120	Hospice - Active	
Baptist Home Medical Equipment	1600 Center Center Pkwy, Ste 101 Memphis, TN 38134	DME - Active	
Medical Alternatives	6949 Appling Farms Pkwy, Ste 109 Memphis, TN 38133	DME - Active	

**SUPPLEMENTAL #1****March 27, 2015****10:28 pm**

**March 27, 2015****10:28 pm****2. Section A, Item 6**

The signed option to lease for the 1,200 square foot area at Baptist-Rehab-Germantown that houses the existing MRI unit is noted. Please identify the names of the organizations & titles of the individuals authorized to sign for the parties. The lease terms indicate \$125,000 five-year lease cost may be adjusted based on a fair market value. What is applicant's estimate of the comparable market value at present for this type of use?

Documentation attesting to ownership of property and land such as a copy of title or deed appears to be missing from the attachments to the application. Please provide this information.

Response

The Letter of Intent Regarding the Lease of Space for Magnetic Resonance Imaging at Baptist Rehabilitation - Germantown is signed by Randy King, who is the Baptist Memorial Health Care Corporation (BMHCC) Vice-President and who is on the Board of Directors of Baptist Memorial Regional Rehabilitation Services, Inc. d/b/a Baptist Rehabilitation-Germantown, the entity that owns the land and the property at 2100 Exeter Road, Germantown, TN 38128.

Robert Vest is the Chief Operating Officer of Baptist Memorial Medical Group d/b/a Baptist Medical Group (BMG).

The Letter of Intent Regarding Transfer of Equipment for Magnetic Resonance Imaging Services at Baptist Rehabilitation - Germantown is signed by Gregory M. Duckett who is the Senior Vice President of BMHCC who is also the Board Secretary of Baptist Memorial Regional Rehabilitation Services, Inc. d/b/a Baptist Rehabilitation-Germantown, which is the owner of the equipment. This letter is also signed by Robert Vest as the Chief Operating Officer of BMG.

Letters are used to indicate transfer of the operating rights within BMHCC and for the CON application. The transfer will be recorded for accounting purposes although property movement within BMHCC does not involve the actual transfer of funds. The estimated project cost for certificate of need purposes is \$1,262,000, while the actual cash flow that may be involved is approximately \$91,500, an amount that may be needed for new signage, minor cleaning such as painting and other administrative and legal expenses related to service certification. Costs like maintenance are essential either as a hospital or physician's service.

The Market Value reference pertains to the system's estimate based on a lease that was recently taken by BMG in the Medical Building

## **SUPPLEMENTAL #1**

**March 27, 2015**

**10:28 pm**

attached to the Hospital where the proposed BMG MRI is located. A copy of a page from that lease indicating Market Value and lease rate shown in the projections follows this page. The lease rate is included in the projections chart while the market value of land and property is used in project cost chart. An updated project cost chart is provided in response to a subsequent supplemental question to include a typographical error that was an oversight in the original submission. The total project cost did not change. The values are from the Shelby County Tax Assessor's office and were used because the value estimate is more than the 5 year lease rate.

Documentation of ownership by Baptist Memorial Regional Rehabilitation Services, Inc. d/b/a Baptist Rehabilitation-Germantown is also provided.

# Additional Ownership Documents



March 27, 2015

10:28 pm

Y2 2420

5

This Instrument Prepared by: + Peter W  
HARRIS, SHELTON, DUNLAP and COBA  
Suite 1300, One Commerce Square  
Memphis, Tennessee 38103-2553

**QUIT CLAIM DEED**

KNOW ALL MEN BY THESE PRESENTS that Baptist Memorial Health Care System, Inc.  
 for and in consideration of One Dollar (\$1.00)  
 do hereby bargain, sell, remise, release, quit claim and convey unto Baptist Memorial Specialty Hospital  
 the following described real estate located in City of Germantown County of Shelby, State of Tennessee.

All of the property described on Exhibit "A" attached hereto and incorporated herein by reference and being the same property conveyed to grantor by Quit Claim Deed recorded as Instrument No. Y1 5309 and by Warranty Deed recorded as Instrument No. X2 5632.

IN TESTIMONY WHEREOF I (We) have executed this instrument this 27th day of July 1986  
Baptist Memorial Health  
Care System, Inc.

By Joseph A. Powell  
Joseph A. Powell, President

**STATE OF TENNESSEE, COUNTY OF SHELBY**

Before me, a Notary Public in and for said State and County, duly commissioned and qualified, personally appeared  
 to me known to be the person described in and who executed the foregoing instrument and acknowledged that he executed the same as free act and deed.

WITNESS my hand and Notarial Seal at office this 27th day of July 1986

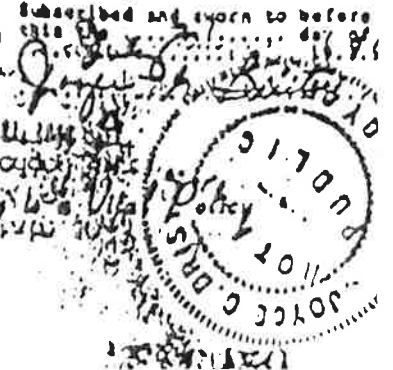
Notary Public

My commission expires:

Property address: Unimproved  
 All tax bills to: (Person or Agency responsible  
 or payment of taxes)  
899 Madison Avenue  
Memphis, Tennessee 38146  
 Attn: Charles R. Baker

I, or we, hereby swear or affirm that to the best of our knowledge, information, and belief the actual consideration for this transfer is None  
Joseph A. Powell  
 Affiant

COMPLIMENTS OF MIDSOUTH TITLE





**March 27, 2015**

**10:28 pm**

**12 2420**

STATE OF TENNESSEE, COUNTY OF SHELBY:

Before me, the undersigned Notary Public in the State and County aforesaid, personally appeared Joseph H. Powell, with whom I am personally acquainted and who, upon oath, acknowledged himself to be the President of BAPTIST MEMORIAL HEALTH CARE SYSTEM, INC., the within named bargainor a corporation, and that he as such officer, being authorized to do so, executed the foregoing instrument for the purposes therein contained by signing the name of the corporation by himself as such officer.

WITNESS my hand and Official Seal at office this 21st day of July, 1986.

*Joseph A. Bister*  
Notary Public

MY COMMISSION EXPIRES FEB 21, 1989



QUIT CLAIM DEED



Compliments of

*Mid-South Title*

Memphis, Tennessee

March 27, 2015

10:28 pm

Y2 242

EXHIBIT A

## Tract 1

Part of the Farmington Group Property in Germantown, Tennessee:

Beginning at an iron pin set in the east line of Exeter Road a distance of 734.95 feet southwardly from the point of intersection of the tangents to a curve having a radius of 40 feet located at the southeast corner of Exeter Road and Farmington Avenue, said point being in the south line of the Dunavant Management Properties Ltd.; thence, North 87 degrees 57 minutes 20 seconds East with the south line of the said Dunavant Management Properties Ltd. Property a distance of 569.03 feet to an iron pin set in the westerly line of Lot 490, Section "F", Farmington Subdivision as recorded in plat book 48, page 33; thence, South 4 degrees 50 minutes 40 seconds East with the westerly line of Lot 490, Section "F", Farmington Subdivision a distance of 28.83 feet to an iron pin found at the northwest corner of Lot 489, Section "F", Farmington Subdivision; thence, South 18 degrees 31 minutes 30 seconds East with the westerly line of Lot 489, Section "F", Farmington Subdivision a distance of 103.05 feet to an iron pin set at the northwest corner of Lot 488, Section "F", Farmington Subdivision; thence, South 23 degrees 12 minutes 30 seconds East with the westerly line of Lot 488, Section "F", Farmington Subdivision a distance of 102.75 feet to an iron pin found at the northwest corner of Lot 487, Section "F", Farmington Subdivision; thence, South 30 degrees 55 minutes 20 seconds East with the westerly line of Lot 487, Section "F", Farmington Subdivision a distance of 102.71 feet to an iron pin found at the northwest corner of Lot 486, Section "F", Farmington Subdivision; thence, South 29 degrees 45 minutes 50 seconds East with the westerly line of Lot 486, Section "F", Farmington Subdivision a distance of 92.78 feet to an iron pin found at the northwest corner of Lot 485, Section "F", Farmington Subdivision; thence, South 17 degrees 02 minutes 00 seconds East with the westerly line of lots 485, 484, and 483, Section "F", Farmington Subdivision a distance of 221.18 feet to an iron pin found at the northwest corner of Lot 482, Section "F", Farmington Subdivision; thence, South 21 degrees 28 minutes 40 seconds West with the westerly line of Lot 482, Section "F", Farmington Subdivision a distance of 57.79 feet to a point in the northerly line of First Addition, Farmington Shopping Center as recorded in plat book 47, page 4; thence, North 54 degrees 55 minutes 25 seconds West with the northerly line of First Addition, Farmington Shopping Center a distance of 857.78 feet to a point in the east line of Exeter Road; thence, North 2 degrees 02 minutes 40 seconds West with the east line of Exeter Road a distance of 271.18 feet to the point of beginning and containing 8.997 Acres of Land.



March 27, 2015

10:28 pm

Y2 2420

EXHIBIT A

## Tract 2

Beginning at a point in the east line of Exeter Road a distance of 1006.14 feet southwardly from the point of intersection of the tangents to a curve having a radius of 60 feet located at the southeast corner of Exeter Road and Farmington Avenue, said point being in the northerly line of First Addition, Farmington Shopping Center; thence, South 64 degrees 55 minutes 25 seconds East with the northerly line of First Addition, Farmington Shopping Center a distance of 857.78 feet to a point in the westerly line of Lot 482, Section "P", Farmington Subdivision as recorded in plat book 48, page 33; thence, South 81 degrees 26 minutes 40 seconds West with the westerly line of Lot 482 and 481, Section "P", Farmington Subdivision, a distance of 127.68 feet to an iron pin found in a northwesterly line of Lot 481, Section "P", Farmington Subdivision; thence, South 75 degrees 36 minutes 05 seconds West with the said northwesterly line of Lot 481 and the northwesterly line of Lot 480, Section "P", Farmington Subdivision a distance of 72.99 feet to an iron pin found at the northeast corner of Parcel Six, First Addition, Farmington Shopping Center; thence, North 76 degrees 47 minutes 25 seconds West a distance of 409.83 feet to an iron pin set in the east line of Parcel Two, First Addition, Farmington Shopping Center a distance of 130.00 feet northwardly from the north line of Parcel Six, First Addition, Farmington Shopping Center; thence, North 0 degrees 13 minutes 35 seconds West with the east line of Parcel Two, First Addition, Farmington Shopping Center a distance of 148.79 feet to a spike found at the northeast corner of Parcel Two, First Addition, Farmington Shopping Center; thence, South 89 degrees 34 minutes 35 seconds West with the north line of Parcel Two, First Addition, Farmington Shopping Center a distance of 125.00 feet to an iron pin found; thence, South 78 degrees 29 minutes 00 seconds West with the north line of Parcel Two, First Addition, Farmington Shopping Center a distance of 129.43 feet to an iron pin found in the easterly line of Exeter Road; thence, northwardly with the easterly line of Exeter Road and along a curve to the left having a radius of 1053 feet a distance of 51.51 feet to a point of tangency; thence, North 2 degrees 02 minutes 40 seconds West with the east line of Exeter Road a distance of 239.94 feet to the point of beginning and containing 3.741 Acres of land.

March 27, 2015

10:28 pm

Y2 2420

EXHIBIT A

## Tract 3

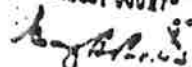
Being a part of Parcel Two, First Addition, Farmington Shopping Center in Germantown, Tennessee as recorded in plat book 41, page 19.

Beginning at an iron pin found in the easterly line of Exeter Road a distance of 1297.59 feet southwardly from the point of intersection of the tangents to a curve having a radius of 40 feet located at the southeast corner of Exeter Road and Farmington Avenue, said point being in the south line of Parcel One, First Addition, Farmington Shopping Center; thence, North 76 degrees 29 minutes 00 seconds East with the south line of Parcel One, First Addition, Farmington Shopping Center a distance of 129.43 feet to an iron pin found; thence, North 89 degrees 34 minutes 35 seconds East with the south line of Parcel One, First Addition, Farmington Shopping Center a distance of 125.00 feet to an iron pin found in the west line of Parcel Seven, First Addition, Farmington Shopping Center; thence South 0 degrees 13 minutes 35 seconds East with the west line of Parcel Seven, First Addition, Farmington Shopping Center a distance of 48.79 feet to an iron pin set; thence, South 89 degrees 27 minutes 25 seconds West a distance of 251.43 feet to an iron pin in the easterly line of Exeter Road; thence, northwardly with the easterly line of Exeter Road and along a curve to the left having a radius of 1053 feet a distance of 18.00 feet to the point of beginning and containing 0.329 Acres of land.

Y 2 2 4 2 0

STATE TAX \_\_\_\_\_  
 REGISTER'S FEE \_\_\_\_\_  
 RECORDING FEE 65.00

JUL 22 3 35 PM '86

STATE OF TENNESSEE  
CLERK OF THE COURT


REGISTER 11



**March 27, 2015****10:28 pm** PAGE 1*State of Delaware**Office of the Secretary of State*

---

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE RESTATED CERTIFICATE OF "MEMPHIS REHAB ASSOCIATES, LIMITED PARTNERSHIP", FILED IN THIS OFFICE ON THE FOURTH DAY OF JUNE, A.D. 1997, AT 12:30 O'CLOCK P.M.



---

*Edward J. Freel, Secretary of State*

2434803 8100

971182196

AUTHENTICATION:

DATE:

8509398

06-12-97

12

**March 27, 2015**

**10:28 pm**

AMENDED AND RESTATED  
CERTIFICATE OF LIMITED PARTNERSHIP  
OF  
MEMPHIS REHAB ASSOCIATES, LIMITED PARTNERSHIP  
(Originally formed on September 13, 1994)

Pursuant to the provisions of the Delaware Revised Uniform Limited Partnership Act, Section 17-210, the undersigned general partners hereby execute an amended and restated certificate of limited partnership:

1. The name of the limited partnership is:

Memphis Rehab Associates, Limited Partnership

2. The complete address of the principal office is:

899 Madison Avenue  
Memphis, TN 38146

3. The complete address of the registered office in Delaware is:

1209 Orange Street  
Wilmington, Delaware 19801

4. The name of the registered agent, to be located at the address listed in No. 3, is:

The Corporation Trust Company

5. The names and addresses of the successor general partners to CMS Tri-Cities Rehabilitation Hospital, Inc. (the "Original General Partner"), who has resigned as general partner and assigned all of its interest in the limited partnership to such successor general partners, are:

Baptist Memorial Health Care Corporation,  
(a Tennessee non-profit corporation)  
899 Madison Avenue  
Memphis, TN 38146

Baptist Memorial Regional Rehabilitation Services, Inc.  
(a Tennessee non-profit corporation)  
899 Madison Avenue  
Memphis, TN 38146

**March 27, 2015**

**10:28 pm**

6. This document is to be effective upon the filing by the Secretary of State.

Baptist Memorial Health Care Corporation,  
(a Tennessee non-profit corporation),  
as General Partner

By:

  
John N. Robbins, Executive Vice-President

Baptist Memorial Regional Rehabilitation  
Services, Inc.  
(a Tennessee non-profit corporation)  
as General Partner

6/3/97  
Signature Date

By:

  
John N. Robbins, Executive Vice-President

Documentation of Rental Rate

Market Value

Baptist Rehabilitation Germantown



PROPERTY LEASE PROPOSAL  
Healthcare Realty Trust  
Property Management Services

**SUPPLEMENTAL #1**

**March 27, 2015**

**10:28 pm**

Property Name/Address:

Germantown Rehabilitation  
2120 Exeter Road  
Germantown, TN 38138

PREMISES/SQUARE FOOTAGE INCLUDED IN LEASE SPACE:

Suite 230 / Apx. 1,547 RSF (1,322 USF)

TENANT:

Baptist Memorial Health Services, Inc.

DEAL TYPE - NEW/RENEWAL/AMENDMENT:

3<sup>rd</sup> Amendment / Renewal

USE/SPECIALTY:

Wound Care Physician Medical Office

RENTAL RATE:

10/1/12 - 9/30/13 = \$21.31/RSF

10/1/13 - 9/30/14 = \$21.95/RSF

FAIR MARKET VALUE RATE:

\$20.25 - \$20.75/RSF

TERM:

2 years, beginning 10/1/2012 - 9/30/2014

OPERATING EXPENSES (Additional Rent):

Refer to previous PLP.

FREE RENT (if any):

N/A

TENANT IMPROVEMENTS (\$) AS A CONDITION OF THIS LEASE:

N/A

OPTIONS:

N/A

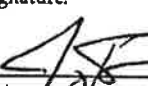
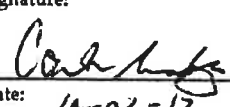
SPECIAL PROVISIONS/NOTES:

Restrictions on Signage and Prohibited Uses languages are updated in Sections 3 and 4 respectively in the 3<sup>rd</sup> Amendment. (The 3<sup>rd</sup> Amendment had already been sent to Tenant for signature prior to Assignment & Subletting language being revised.)

COMMISSION TO BROKER (if any):

N/A

Submitted AND Approved On-site by:

Asset Manager	Approved By:  Jeremy Turner (Print Name)	Approval Signature:  Date: 9/19/12
Hospital Administration Approval	Lease Deal Approved By:  Carlos Mendoza Joe McWhorter (CM) (Print Name)	Approval Signature:  Date: 10-02-12
Director of Real Estate	Approved By:  Scott Andrews (Print Name)	Approved Signature:  Date:
National Asset Manager	Approved By:  Amy Byrd / Julie Wilson (Print Name)	Approved Signature:  Date:

06/27/07

**March 27, 2015****10:28 pm****3) Section A, Item 8**

The response is noted. It appears that the MRI service approved in CN9812-084A will transfer from operation by the hospital to the applicant's private non-profit medical group practice. Does Baptist Rehabilitation-Germantown plan to voluntarily surrender the hospital MRI service approved in CN9812-084A? Please confirm.

Response

The MRI service approved in CN9812-084A will transfer from operation by the hospital to Baptist Medical Group (BMG). Upon approval of this CON application and initiation of the Service by BMG, Baptist Rehabilitation-Germantown will voluntarily surrender the hospital MRI service approved in CN9812-084A.

**March 27, 2015****10:28 pm****4. Section A, Project Description, Item 13**

The participation of Baptist Medical Group in all active TennCare MCOs is noted. Please briefly describe the potential for increases in TennCare utilization of the MRI service based on new operation by BMG.

An immediate benefit of the project appears to be interpretation of MRI images by radiologists employed by BMG. Please describe the arrangement planned for their participation in the TennCare MCOs noted in this item of the application. If billing separately, it would be helpful to include names, medical and provider license numbers of the radiologists involved in this regard.

Response

The projected TennCare/Medicaid utilization is projected to be approximately 8.2% of revenue. Traditionally about 2.3% of MRI patients have had TennCare/Medicaid as the primary funding source. As discussed in the application, patients will be referred from BMG physicians' offices across the region which will improve communications and enhance information about the convenient availability of the Germantown location.

The interpretation of the images will be provided Mid-South Imaging and Therapeutics, P.A. ("MSIT") that has served the Memphis area for more than 40 years. BMG will be billing globally for services provided at the proposed BMG Germantown location.

**March 27, 2015****10:28 pm****5. Section B, Project Description, Item I.A**

The executive summary of the project is noted. If approved, it appears that the project will be the applicant's first experience in operating a fixed MRI service in the proposed primary service area. Please add a brief description of the plans for oversight by BMG's governing body and daily operation of the MRI service, including medical supervision and the patient accounts management system, at a minimum.

Please include confirmation of the transferring hospital or owner's intent to surrender the original Certificate of Need initiating MRI services at this location (CN9812-084A).

Review of HSDA Equipment Registry records and the 2013 Joint Annual Report for Baptist Rehabilitation-Germantown (BRG) revealed a fixed unit at the hospital and an off-site BRG-Briarcrest shared MRI unit with utilization of 1,212 procedures and 613 procedures, respectively, in CY2013. To what extent, if any, does the proposed change in operation of the fixed unit at the hospital impact operations of the off-site BRG-Briarcrest shared unit? Please explain.

It appears that the service area of the MRI service would change given the new operation by BMG based on a projected 2-fold increase in utilization from existing volumes and the discontinuation of services for Baptist Rehab-Germantown inpatients. Please include a brief description of the service area in the summary, including the names of the counties that are expected to account for 80% or more of the applicant's projected utilization in Year 1.

Response

BMG is led by a Board of Directors comprised of 19 physicians and 3 executives of Baptist Memorial Healthcare Corporation (BMHCC). BMHCC has experience with MRI operation in various settings. The BMG board will ultimately oversee the MRI service.

From a daily operation, the Director of Radiology for Baptist Medical Group, Don Hubbard, has 30 years' experience in the field of radiology. Mr. Hubbard has served 23 years of that time in the capacity Director of Radiology for Baptist and was one of the first technologists in the country to perform MRI scans in 1985. He was also the first MRI Application Specialist for Siemens Medical Systems, U.S.A. As Director of Radiology Operations, Mr. Hubbard has been responsible for daily operations of Nuclear Medicine, MRI, CT, Ultrasound, Mammography, DEXA scans, and Interventional Radiology for both the hospital as well as outpatient imaging center settings. Mr. Hubbard started the first and also the most credentialed imaging center in Jonesboro in 2002. He recently transferred from NEA Baptist Clinic in Jonesboro after 13 years as Director of Radiology to the BMG

## **SUPPLEMENTAL #1**

**March 27, 2015**

**10:28 pm**

corporate office as Director of Radiology Operations for all BMG physician owned practices.

Medical supervision will be structured similar to how it is currently for the MRI. Mid-South Imaging and Therapeutics, P.A. (MSIT) will continue to provide medical supervision and interpretation for this proposed Baptist Rehabilitation-Germantown location of BMG. MSIT has served the Memphis area for more than 40 years.

Patient accounts management will be handled through the BMHCC EPIC electronic health record. BMG has staff which are trained to manage the patient accounts.

As previously stated in response to other questions, upon approval of this CON application and initiation of the Service by BMG, Baptist Rehabilitation-Germantown will voluntarily surrender the hospital MRI service approved in CN9812-084A. BRG will continue operation of the MRI at BRG-Briarcrest that is shared with an orthopedic physician's practice. The proposed transfer of the MRI on Exeter Road to BMG is not expected to effect operation or utilization of the shared unit at Briarcrest. The shared unit was approved in a separate CON application. If any changes are ever necessary in the shared MRI arrangement, another separate application or notification to the HSDA will be completed as necessary.

Traditionally, the service area for the MRI at the hospital has been primarily Shelby County followed by the Tennessee Counties of Fayette and Tipton. In 2014, MRI patients in Shelby were 61%, in Fayette were 17% and in Tipton were 2% for a combination equal to approximately 80% of the total. That distribution is anticipated to continue after the transfer of operation to BMG. The increase in utilization is anticipated from the enhanced communication among the BMG physicians with the centralized electronic patient medical record in the BMHCC EPIC information system as a catalyst.

**March 27, 2015****10:28 pm****6. Section B, Project Description, Item II A.**

The description is noted. It is understood that no construction is necessary; however, \$3,500 in architectural and engineering fees and \$75,000 in a contingency reserve has been included in the project's total cost. Please clarify why these amounts are included in the total estimated project cost.

The location of the MRI unit appears to be on the ground floor in lieu of the first floor location on the floor drawing. Please clarify.

Please briefly describe how the existing space of the MRI service unit translates to ease of access/use by patients of BMG.

Response

An amount for interior design recommendations including wayfinding signage is included in the architectural and engineering fees section and the contingency amount is included for clean-up/wall-paint and any minor work including floor-covering that may be timely with other changes. Some above the ceiling rerouting of wiring may be necessary but not anticipated. The contingency amount was included in a conservative budgeting process to ensure that all potentially related costs were included.

The MRI is included on the 1<sup>st</sup> floor which is the ground level entrance from Exeter Road. Entrance at the same level as the service is convenient for patients and the foundation supports the radiology equipment. The slope of the grounds allows a partial lower level that is accessible from other building faces and is used as the powerhouse location for building services and maintenance.

**March 27, 2015****10:28 pm****7. Section B, Project Description, Item II.E (MRI Equipment)**

Item 1.a.1. (total cost) - please attach a statement from the vendor that attests to the estimated \$420,000 - \$480,000.00 value of the unit in the applicant's 3/12/15 letter of intent submitted with the application. In your response, please also identify the estimated replacement cost of a new unit similar to the existing Siemens 1.5 Tesla open MRI unit.

Response

A statement is provided from Siemen's following this page to validate that \$480,000, the value used for the equipment in the financial projections, is conservatively at the higher of the range for estimated equipment value. The estimated equipment replacement cost is also provided by Siemens.

Item 1.a.2 (expected useful life) - it appears that the existing MRI unit has been operating for approximately 15 years. Please identify the year purchased and estimated remaining useful life before replacement of the unit is necessary.

Response

The following listing from the HSDA's Medical Equipment Registry is for the MRI at Baptist Rehabilitation - Germantown and shows that the unit is less than 6 years old. It had an expected useful life of 7 years in the Notice of Replacement that was filed with the Agency.

<b>MRI</b>		<b>Brand Name:</b> Siemens Magnetom Espree	<b>Date Acquired:</b> 7/13/2009
<b>Owned/Leased:</b> Owned	<b>Equipment Leased or Owned By:</b>		
<b>Cost:</b> \$1,452,654.00	<b>Shared?</b> No	<b>Shared With:</b>	
<b>Fixed/Mobile:</b> Fixed	<b>Number of Mobile/Shared Days Used:</b> 0	<b>Life of Unit (years)</b> 0	
<b>Serial Number:</b> 30839	<b>Assigned ID (Provider Assigned):</b>		
<b>MRI</b>		<b>Linear Accelerator</b>	
<b>Tesla Strength:</b> 1.5	<b>Types:</b>	<b>Single/Dual</b>	
<b>Magnet Type:</b> Open	<b>MEV:</b>	<b>Energy:</b>	
		<b>Photon/Photon</b>	
		<b>Electron:</b>	

The equipment has been covered by a maintenance contract as indicated on following page and will continue to operate under the maintenance agreement as indicated in the project costs chart and in the financial projections. The remaining expected useful life of the equipment is at least 5 years as indicated from Siemens.

**March 27, 2015****10:28 pm**

Item 1.a.3 (clinical applications) - the applications by standard CPT code are noted. With budgeted costs for imaging interpretation fees in the Projected Data Chart page 24 of \$172,800 in Year 1, will MRI images be interpreted by board certified, TN licensed radiologists who are employees of the practice or by contract with other radiologists? Please briefly describe the arrangement planned for covering the costs of professional imaging interpretation fees, including billing of same by BMG, as appropriate.

Response

As stated in response to other questions, MSIT will continue to provide interpretation for this proposed BMG MRI through a contracted arrangement. Global billing for the service will be handled by BMG. MRI images will be interpreted by board certified, TN licensed radiologists. On the following pages, the CV for Dr, Frank Eggers who currently serves at the Germantown location is attached. Other MSIT Radiologists who will interpret for the BMG MRI include Dr. Randy J. Horras, Dr. David Acker, Dr. Scott Didier, Dr, Timothy Craig Nauert, Dr. George W. Gallimore and Dr. Alan David Eisenberg.

Item 1.a.4 (FDA approval) - please submit a copy of the FDA approval letter pertaining to the existing 1.5 tesla MRI unit.

Response

A copy of the FDA approval letter is provided on a following page.

Item 1.b (schedule of MRI service) - please identify the hours of operation, including days of week of the applicant's proposed MRI service

Response

The hours of operation will be 7:30 am to 5:00pm Monday through Friday. Callback and/or extended shifts and/or weekend shifts will occur as required.



**March 27, 2015**

**10:28 pm**



**Healthcare**

March 26, 2015

Baptist Memorial Healthcare  
350 North Humphreys Blvd  
Memphis, TN 38120

To Whom It May Concern:

The estimated Fair Market Value of the Espree MRI Machine ("Equipment") at Baptist Memorial located in Germantown, TN, and which was purchased from Siemens Medical Solutions USA, Inc. in 2008, is between \$480,000 and \$500,000. The useful life, which is dependent on proper service and not guaranteed, is between 12-15 years from the original purchase date. The estimated cost of replacement, depending on configuration and type of magnet, can range from \$1,500,000 - \$2,000,000.

Baptist Memorial is hereby advised that moving, servicing and bringing the Equipment's magnets down and up to field must be performed by Siemens-trained and qualified service personnel.

If you have any questions, please do not hesitate to contact Siemens.

Thank You,

A handwritten signature in black ink that reads "Arlene Gonzalez".

Arlene Gonzalez  
Zone Controller  
Siemens Medical Solutions USA, Inc.  
Customer Solutions Group

**March 27, 2015**

**10:28 pm**

## Maintenance Contract

**March 27, 2015****10:28 pm****SIEMENS**

Proposal # 1-860ZP3

**District / Sales Office**

SIEMENS MEDICAL SOLUTIONS USA, INC.  
3553 North Sam Houston Suite 400  
Houston, TX 77038  
Attn: Michael Atwood  
Phone: (815) 939-8394  
Fax: (815) 886-5922  
Email: michael.atwood@siemens.com

**Sold To**

BAPTIST MEMORIAL HOSPITAL  
2100 EXETER RD  
GERMANTOWN, TN 38138

**Bill To**

BAPTIST MEMORIAL HOSPITAL  
2100 EXETER RD  
GERMANTOWN, TN 38138

**Payer**

BAPTIST MEMORIAL HOSPITAL  
2100 EXETER RD  
GERMANTOWN, TN 38138

Siemens Medical Solutions USA, Inc. is pleased to submit the following proposal for service and maintenance described herein at the stated prices and terms.  
Subject to your acceptance of the terms and conditions on the face and general terms and conditions Document hereof.

Item #	System Name	Functional Location	Service Agreement	Contract Duration	Warranty Period Price	Partial Year Price	Annual Price
1	MAGNETOM Espree	400-286368	Gold contract	5/1/2013 - 4/30/2018	\$0	\$0	\$90,257

**Includes:**

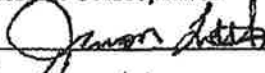
Parts and/or Labor to the extent shown in Exhibit A.  
Principal Coverage Period (PCP) as stated in Exhibit A for each system.  
System Updates.  
Access to Siemens UPTIME service support center for technical telephone support (remote diagnostics, if available to the site and the equipment).

**Excludes:**

Consumables (batteries, leads, padding, storage media, cassettes, etc.); non-Siemens components and accessories (such as VCR, injector, laser printer, MR surface coils, tables/table tops, chiller, UPS, etc.) unless specifically identified in Exhibit A. Parts defective due to "acts of God", abuse, misuse, neglect, thermal and shock. Glassware (unless purchased as an option).

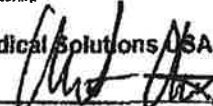
Terms of payment: Net 30 days from invoice date. Past due payment is subject to 1.5% interest charge per month.

**Customer's Acceptance**

(By)  (Signature)  
Jason Little - EVP/COO  
Name and Title

Acceptance Date 4-30-13

**Siemens Medical Solutions USA, Inc.**

(By)  (Signature)  
Michael Atwood Service Sales Executive  
Name and Title

Customer P.O. # \_\_\_\_\_ (enter P.O. # for contract billing; if not provided, Siemens will invoice without P.O.)  
(Initial if P.O. is required but will be issued prior to warranty expiration)  
Standing P.O. # \_\_\_\_\_ (for T&M charges outside of the contract)

This service agreement proposal is valid for 30 days. Agreement becomes effective upon customer signature and Siemens acceptance.  
Customer's acceptance acknowledges receipt and agreement to Terms and Conditions set forth on all pages of this proposal.

**SUPPLEMENTAL #1****March 27, 2015****10:28 pm****SIEMENS****Proposal # 1-660ZP3****Exhibit A****Item #1:**

<b>Equipment:</b>	<b>MAGNETOM Espree</b>		
<b>Equipment Location:</b>	<b>BAPTIST MEMORIAL HOSPITAL</b>		
<b>Address:</b>	<b>2100 EXETER RD, GERMANTOWN, TN 38138</b>		
<b>Functional Location:</b>	<b>Service Quote Nr:</b>	<b>Equipment Quote Nr:</b>	<b>Payment Frequency:</b>
<b>400-296368</b>	<b>1-6604TJ Rev 0</b>		<b>Monthly</b>
<b>Service Agreement:</b>	<b>Contract Start:</b>	<b>Contract End:</b>	<b>Annual Price:</b>
<b>Gold contract</b>	<b>5/1/2013</b>	<b>4/30/2018</b>	<b>\$90,267</b>

*(See Glossary pages for detailed description of items listed below.)*

<b>Coverage applies during the Contract Period as indicated:</b>	<b>Contract Period</b>
<b>Principal Coverage Period</b>	<b>08:00am - 06:00pm M-F</b>
<b>Uptime Guarantee</b>	<b>97%</b>
<b>Phone Response</b>	<b>30 min</b>
<b>On-Site Response</b>	<b>4 hours</b>
<b>Parts Order Requirement</b>	<b>Noon</b>
<b>Parts Delivery</b>	<b>Same Day</b>
<b>syngo Remote Assist Hotline Support</b>	<b>✓</b>
<b>ACR Support Package MR</b>	<b>✓</b>
<b>Safety Checks</b>	<b>✓</b>
<b>Planned Maintenance</b>	<b>✓</b>
<b>Quality Assurance</b>	<b>✓</b>
<b>Updates</b>	<b>✓</b>
<b>Technical Phone Support</b>	<b>✓</b>
<b>Labor</b>	<b>✓</b>
<b>Siemens Remote Services</b>	<b>✓</b>
<b>Travel</b>	<b>✓</b>
<b>LifeNet Access</b>	<b>✓</b>
<b>Application Hotline Phone Support</b>	<b>✓</b>
<b>Accredited Self Study Program</b>	<b>Qty 1</b>
<b>e.learning subscription for 12 months / 12 CEUs</b>	<b>Qty 1</b>
<b>General Spare Parts Coverage</b>	<b>✓</b>
<b>UM Basic Report MR</b>	<b>✓</b>
<b>Siemens Virus Protection SELECT</b>	<b>✓</b>
<b>Coil Coverage</b>	<b>✓</b>
<b>MMA and Helium</b>	<b>✓</b>
<b>EVOLVE Espree, 1Step</b>	<b>✓</b>

**No other options or alternatives are included in the above listed equipment.**



**March 27, 2015****10:28 pm****SIEMENS****Proposal # 1-660ZP3****Glossary**

<b>Deliverables</b>	<b>Description</b>
<b>Accredited Self Study Program</b>	This accredited self-study program provides the latest trends in imaging. These hot topic review articles will be mailed directly to your institution and will provide up to 24 Category A Continuing Education Credits fully recognized by ARRT and NMTCB. A comprehensive study guide accompanies each article to help ensure focus on technologist-relevant information.
<b>ACR Support Package MR</b>	This ACR accreditation assistance package includes a remotely executed pre-submission system quality check to evaluate the readiness of one applicable Siemens system to acquire images for ACR accreditation. Supporting deliverables include one printed accreditation guidebook (additional copies available electronically) aligned to the applicable Siemens system and Siemens operating system nomenclature, workflow templates and/or phantom acquisition protocols and available web based user training containing imaging acquisition tips relative to the ACR accreditation process. Additionally, unlimited technical and clinical applications phone support pertaining to the system readiness and deliverables described above, performed by the Uptime Service Center during normal hours of operation M-F 8-8PM EST during the term of this engagement agreement. Customer is responsible for applying for accreditation, and all tasks and costs related to the application and acquiring the ACR phantom, collecting images, working with and communicating with the ACR. Numerous factors determine whether a site receives ACR accreditation. Therefore, Siemens does not guarantee a site will receive ACR accreditation.
<b>Application Hotline Phone Support</b>	UPTIME Clinical Applications Phone Support is provided with this contract during modality specified hours, call 1-800-888-7436 with your questions and to receive direct access to a Clinical Education Specialist.
<b>Coil Coverage</b>	Covers the repair and replacement of Siemens coils (Third Party coils are not covered, i.e. Invivo 4 Channel wrist array, lower extremity, knee array, 7-channel Breast, 4 ch. Small Extremity coil, 8-channel Shoulder) If your service contract has a parts allowance, the coils will be deducted from the parts allowance. If you do not have parts coverage, repair or replacement of a coil will be a billable charge.
<b>e.learning subscription for 12 months / 12 CEUs</b>	This annual e.learning subscription will provide access for up to (2) technologists to utilize a total of up to (12) Category A Continuing Education Credits to engage in a variety of multi-modality self-paced education topics from clinical fundamentals to product specific training and beyond. These online offerings provide the flexibility and convenience to maintain continuing education requirements and are fully recognized by ARRT and NMTCB. For every subscription purchased an additional (2) technologists and 12 CEUs will be added. Expires per contract expiration. To engage in this offering, the selected users will need to visit <a href="http://www.medical.siemens.com/education">www.medical.siemens.com/education</a> < <a href="http://www.medical.siemens.com/education">http://www.medical.siemens.com/education</a> > Select Clinical Training and Continuing Education>Virtual Education>Modality selection. Click the link for service contract customers and fill out necessary information for account setup.
<b>EVOLVE Espree, 1Step</b>	Provides system software upgrades to the next syngo level, and when available, 1 computer hardware upgrade to the main system during the contract term. The contract term must be a minimum of 4 or greater years. syngo MultiModality Workplace excluded in all cases.
<b>General Spare Parts Coverage</b>	Replacement of standard spare parts. Excludes high-vacuum components (Image Intensifiers, x-ray tubes, CT tubes, mammography tubes). Excludes consumables (batteries, leads, padding, storage media, cassettes, radioactive sources, etc.), shock wave components, transducers, TEE's and special probes, flat panel detectors, MMLC, and waveguides. Excludes non-Siemens parts (MR surface coils, VCR, Injector, laser, printer, chiller, UPS, etc.) unless specifically identified in Exhibit A.  <u>For Oncology only:</u> Excludes high-vacuum components (including Magnetron, Klystron and Thyatron), waveguides, and other glassware, including tubes. Excludes HD270, multileaf collimator (68-leaf), Optifocus 82-leaf MLC, Optivue flat panel, Beamview, Micromoduleaf Collimator, Lantis computer hardware, Coherence RT Archive, Lantis and Coherence software subscription and support.
<b>Labor</b>	Unlimited coverage of on-site labor during the Principal Coverage Period indicated. Preferred labor rates for billable service outside of Principal Coverage Period (at current prevailing tiered rates).
<b>LifeNet Access</b>	The LifeNet portal provides access to customer service information related to diagnostic imaging equipment. Access includes service and PM management tools, equipment performance reports, service documentation, asset management and service contract management tools and much more.
<b>MMA and Helium</b>	Maintenance of magnet ancillary components and magnet performance. Covers parts associated with maintaining the magnet and refrigeration components (CryoCare). Covers burst disc, vent kit, valves, MSUP, ERDU, helium compressor, high pressure gas lines and cold head. If the magnet refrigeration system shut down due to facility services failure, then cryogen usage will increase and additional charges may apply. Helium fill recover from a customer caused quench will be chargeable.
<b>On-Site Response</b>	Siemens guarantees on-site CSE arrival within a specific time period (see Exhibit A) after a call for service has been placed with the UPTIME Service Center. This on-site response applies in system/room down situations only. (See Response Time Guarantee in General Terms and Conditions for additional information.)
<b>Parts Delivery</b>	Spare parts arrival for on-site repair of room-down/system-down is typically the Same Day following the time the parts order is submitted.
<b>Parts Order Requirement</b>	Parts order must be placed with Siemens by noon (Customer's local time) in order to receive Parts Delivery commitment as specified.

**SUPPLEMENTAL #1****March 27, 2015****10:28 pm****SIEMENS****Proposal # 1-660ZP3**

<b>Deliverables</b>	<b>Description</b>
<b>Phone Response</b>	The response time indicated on Exhibit A provides preferred call-handling of a service event. This call-back response is the telephone response to the customer by the UPTIME center personnel or the CSE to provide the status of the service call.
<b>Planned Maintenance</b>	Preventive services carried out in accordance with the equipment's specific maintenance plan. This includes: tracking and scheduling of required maintenance tasks; exchange of wear and tear parts according to maintenance plan; care measures; adjustments to factory specifications; verification of specified performance and functionality; documentation and detailed protocol of system condition.
<b>Principal Coverage Period</b>	Hours defined in Exhibit A during which agreed-upon services are provided.
<b>Quality Assurance</b>	Quality Assurance tasks are performed to keep the system within the quality specifications as issued by the Equipment's specifications. This consists of: tracking and scheduling of required quality assurance tasks, check of measuring and image quality parameters; verification of specified quality parameters; adjustments to factory quality specifications; and documentation and detailed quality report of system condition.
<b>Safety Checks</b>	Safety Checks are performed to insure compliance with all local and federal safety guidelines and regulations. This service consists of tracking and scheduling of required tests, mechanical safety checks (e.g. mechanical movements etc.), electrical safety checks (e.g. leakage currents, insulation etc.), and reporting of findings and results.
<b>Siemens Remote Services</b>	SRS is the efficient and comprehensive infrastructure for the complete spectrum of medical device-related remote services. Permanent connection via VPN broadband required.
<b>Siemens Virus Protection SELECT</b>	Siemens Virus Protection SELECT consists of the following service features:  <u>Virus scanner installation:</u> Expert installation of the certified and tested virus scanner Trend Micro OfficeScan <u>Ongoing remote virus scanner updates:</u> Constant automatic remote updates of the latest validated virus pattern and scan engine <u>Security Hotline:</u> The local Uptime Service Center is our customer's contact for up-to-date virus information and rapid response support.  Siemens Virus Protection is available for all syngo-based systems which are <ul style="list-style-type: none"> <li>- connected to our SRS infrastructure by a VPN broadband connection</li> <li>- covered by one of our service agreements</li> <li>- equipped with the required software version, which includes the Virus Scanner as well as the necessary CA-based Managed Node Package (MNP).</li> </ul> Siemens will not be liable for system failures and loss of patient data, caused by a virus.
<b>syngo Remote Assist Hotline Support</b>	Allows Siemens to connect to your Siemens Imaging Console and provides you with direct real time support. Available for Tim Class MRI Systems with software version VB17 or VC13, AND Definition Class CT Systems. Requires a Siemens remote service connection.
<b>Technical Phone Support</b>	Direct access to specialists at the Siemens Uptime Service Center for fast diagnosis and technical support. Technical Phone Support is available to Siemens customers over the telephone, 24 hours a day, 7 days a week.
<b>Travel</b>	Includes travel time for Customer Service Engineer to and from Customer's site. Subject to change to reflect currently prevailing rates, if occurring outside of the Principal Coverage Period indicated.
<b>UM Basic Report MR</b>	Siemens Utilization Management provides you with system-specific usage data, which is collected from your system. This detailed data enables you to leverage your system's full potential. These reports are accessible through our customer portal LifeNet.
<b>Updates</b>	Modifications or reliability enhancements to equipment. Includes two types: Mandatory (safety and performance-related update instructions) and Non-mandatory (reliability-related service instructions). Does not include enhancements to the operating system or additional functionality.
<b>Uptime Guarantee</b>	Siemens guarantees that the Equipment will function at the minimum Uptime Performance level as specified on Exhibit A. System availability is calculated over a 12-month period, calculated over the Principal Coverage Period. Siemens Remote Services (SRS) connection via VPN broadband is required. (See Uptime Guarantee of General Terms and Conditions for further details.)



**March 27, 2015****10:28 pm****SIEMENS****Proposal # 1-660ZP3****Siemens Medical Solutions USA, Inc. General Terms and Conditions****1. Scope**

For the term set forth on the first page hereof under the heading "Contract Duration", Siemens will provide remedial maintenance service on the equipment described on the preceding pages hereof (the "Equipment") when requested by the Customer, as well as planned maintenance inspections, when scheduled, as further described in the Glossary section attached hereto, in order to keep the Equipment operating in accordance with the manufacturer's specifications. Siemens will make every effort to respond to service calls at a mutually agreed upon arrival time consistent with the provisions cited in Section 2.

In the event that (i) the term of this Agreement does not include the Equipment warranty period (as indicated on the first page hereof under the heading "Contract Duration"), or (ii) the term of this Agreement does not commence immediately upon the expiration of the Siemens warranty, or (iii) the Equipment was serviced prior to commencement of the term by anyone other than Siemens or an authorized Siemens dealer or service provider, or (iv) the Equipment was moved from its original location or is not connected to its original power supply (other than portable or mobile Equipment), then the Equipment is subject to inspection by Siemens to determine if it is in good operating condition prior to the commencement of services under this Agreement. Any inspection as well as any repairs or adjustments deemed necessary by Siemens during such inspection shall be made at Siemens' per-call rates and terms then in effect and shall include charges for parts, with all such repairs or adjustments to be completed prior to the commencement of service under this Agreement.

If this Agreement includes any training courses, such training courses may consist of on-site training at the Customer site or a Siemens training facility, self-study or computer based training. In some cases, tuition will cover travel and lodging for off-site training, and in other cases Customer will be responsible for all travel and lodging costs. Details of the training are provided on the previous page(s).

**2. Principal Coverage Period (PCP)**

Service and maintenance will be provided during the principal coverage period ("PCP") as defined on Exhibit A, excluding the following holidays: New Years Day, Memorial Day (observed), Independence Day, Labor Day, Thanksgiving Day, Christmas Day. If one of the foregoing holidays falls on a Saturday, then the holiday will be observed on the previous Friday, and if the holiday falls on a Sunday, the holiday will be observed on the following Monday. Unless an extended hours coverage option has been selected, labor and travel required outside the PCP will be charged at Siemens' per-call rates and terms then in effect.

**3. Replacement Parts**

Siemens will supply at its own expense, necessary parts, except as indicated in the Glossary section, provided replacement of the parts is required because of normal wear and tear or otherwise deemed necessary by Siemens and further provided that the Siemens-manufactured parts are available from the factory. All Parts will be new, standard parts, or used, reworked or refurbished parts that comply with applicable performance and reliability specifications. Exchange parts removed from the Equipment shall become the property of Siemens unless such exchange parts constitute "hazardous wastes", "hazardous substances", "special wastes" or other similar materials, as such terms are defined by any federal, state or local laws, rules or regulations, in which case, at the option of Siemens, the exchange parts shall remain the property of the Customer and shall be disposed of by the Customer in strict compliance with all applicable laws, rules and regulations.

**4. Planned Maintenance (PM)**

Planned maintenance will be carried out according to the manufacturer's recommended schedule. Planned maintenance generally includes checking mechanical and electrical safety, lubrication, functional testing and adjusting for optimum performance as specified in the detailed planned maintenance work plan.

**5. Software Maintenance**

Whenever the Equipment covered by this Agreement utilizes Siemens' operating system software, Siemens will provide all maintenance and updates for such operating system software as part of this Agreement. Such updates will solely enhance previously purchased capacities of the Equipment. Operating system software upgrades that provide new features or capabilities or that require hardware changes will be offered to Customer at purchase prices established by Siemens. In addition, some upgrades may require applications training performed by Siemens' personnel that will be offered at Siemens' rates and terms then in effect. Siemens retains the sole right to determine whether an upgrade requires such training.

Nothing in this Agreement shall in any way grant to Customer any right to or license in any diagnostic service software utilized by Siemens in servicing the Equipment. Such service software is and remains the property of Siemens and is available to Customer pursuant to the terms and conditions of a separate diagnostic materials license agreement, which may require payment of a license fee. This service software shall be disabled by Siemens upon cancellation or termination of this Agreement.

**6. Equipment; Location; Remote Access**

The Equipment covered under this Agreement is limited to the Siemens furnished Equipment described on the face sheet(s). The Equipment shall not be moved to another location unless Customer obtains the prior written consent of Siemens, subject to the following exceptions: (i) portable Equipment (e.g., Ultrasound

equipment, but not including any equipment that is housed in a mobile vehicle, van or trailer) may be moved to other locations within the same facility, so long as the Customer informs Siemens of the location of the Equipment when Siemens is scheduled to provide on-site service; (ii) if Equipment is located in a trailer, van or other form of mobile vehicle, the Equipment may be moved from the Equipment Location identified on Exhibit A, provided, however, that Siemens shall not be required to service such Equipment, and the Response Time and Uptime Performance Guarantees (if any) shall not apply, if either (a) the Customer does not notify Siemens at least one (1) month in advance of the Equipment's mobile route, or (b) the Equipment is moved more than 25 miles from the original Equipment Location; and (iii) if fixed Equipment is moved to any other location within the Customer's facility, then either (a) the Customer will engage Siemens to relocate the Equipment, at Siemens' then current rates and charges, or (b) if Siemens does not perform the services necessary to relocate the Equipment, then Siemens may suspend services with respect to such Equipment until Siemens performs an inspection of the Equipment, at the Customer's cost, to determine if any repairs are necessitated as a result of any such relocation (in which case the Customer shall be separately charged for such repairs, including parts and labor, at Siemens' rates and charges then in effect).

Siemens service personnel will be given full and free access to the Equipment to perform inspections and service/maintenance on the Customer's premises, and will make specific appointments for such maintenance. If the Equipment is not made available at the appointed time, waiting time beyond a reasonable allowance will be charged at Siemens' per-call rates and terms then in effect.

Customer shall provide Siemens with both on-site and remote access to the Equipment. The remote access shall be provided through the Customer network as is reasonably necessary for Siemens to provide services under this Agreement. Remote access will be established through a broadband internet based connection to either a Customer owned or Siemens provided secure end-point. The method of connection will be a Peer-to-Peer VPN IPsec tunnel (non-client based) with specific inbound and outbound port requirements.

In the event the Customer fails to provide or maintain the remote access connection for any Proactive Service Agreement (e.g., Pinnacle, Select, Essential, as identified in Exhibit A), then Siemens shall have the option to terminate this Agreement. In addition, in accordance with the terms of Section 22 hereof, any Uptime Performance Guarantee shall be void if the remote access connection is not provided and available 24 hours per day, 7 days a week.

**7. Agreement Term; Price; Payment Terms**

This Agreement shall be in effect for the period stated on the first page of this Agreement.

For the basic services to be provided by Siemens under the terms of this Agreement, Siemens shall send invoices to the Customer and payments shall be made in advance based on the payment frequency shown in Exhibit A under "Payment Frequency".

Invoices for all amounts due under this Agreement shall be sent to the Customer by regular U.S. mail, postage prepaid, at the address set forth on the first page hereof under "Bill To".

All payments to be made by Customer under this Agreement are due net thirty (30) days from the invoice date. Past due payments shall bear interest at the rate of 15% per month.

**8. Causes for Exclusion/Separate Charges**

This Agreement specifically excludes labor, parts and expenses necessary to repair Equipment:

- damaged by fire, accident, misuse, abuse, negligence, improper application or alteration or by a force majeure occurrence as described in Section 17 hereof, or by the Customer's failure to operate the Equipment in accordance with the manufacturer's instructions or to maintain the recommended operating environment and the conditions;

- defective due to unauthorized attempts to repair, relocate, maintain, service, add to or modify the Equipment by the Customer or any third party or due to the attachment and/or use of non-Siemens supplied parts, equipment or software without Siemens' prior written approval;

- defective due to any repair or service of the Equipment by the Customer or any third party prior to the commencement of the term of this Agreement;

- which failed due to causes from within non-Siemens supplied equipment, parts or software including, but not limited to, problems with the Customer's network;

- which is worn out and cannot be reasonably repaired due to the unavailability of spare parts from the original equipment manufacturer, or

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• which is a transducer or probe and which is damaged or defective, or which failed, due to any of the foregoing causes or due to improper cleaning, disinfecting or TEE bile marks.

If Siemens is called upon to service or repair Equipment which fails under this Section 8, a separate invoice will be issued for labor, parts and expenses at Siemens' rates and terms then in effect.

This Agreement does not entitle the Customer to services related to information technology, patient and imaging workflow design and analysis, or problem diagnosis. Siemens' responsibility under this Agreement does not extend beyond the outbound or inbound sockets of the Equipment. In addition, changes, adjustments, additions or repairs required to or with respect to the Equipment resulting from issues, matters, items or concerns that are the responsibility of the Customer, such as changes related to Customer's network infrastructure, are not covered by this Agreement. This may include, but is not limited to, network IP address changes. Although the Equipment may have limited short term storage capacity, the storage of images, both patient and QA images, is the responsibility of the Customer.

If Siemens offers a Network Assistance option for the Equipment and the Customer purchases this option as indicated on Exhibit A, then Siemens shall assist the Customer in its efforts to identify the cause of any network or connectivity problems which may affect the operation of the Equipment; provided, however, that the price for this option does not include the cost of any repairs (labor, parts, etc.) to remedy such problems, which shall be the sole responsibility of the Customer. If the Customer does not purchase this option, or if this option is not offered by Siemens, then any assistance provided by Siemens to the Customer with respect to any network or connectivity issues shall require a P.O. from the Customer and shall be separately billed to the Customer at Siemens' then current rates and charges.

#### **9. Default**

Customer shall be in default under this Agreement upon: (i) a failure by Customer to make any payment due Siemens within ten (10) days of receipt of notice from Siemens that the payment was not made within the applicable payment period; (ii) a failure by Customer to perform any other obligation under this Agreement within thirty (30) days of receipt of notice from Siemens; (iii) a failure to grant Siemens access to the Equipment as set forth in Section 8 of this Agreement; (iv) a default by Customer or any affiliate of the Customer under any other obligation to or agreement with Siemens, Siemens Financial Services, Inc. or Siemens Medical Solutions Health Services Corporation, or any assignee of the foregoing (including but not limited to, a promissory note, lease, rental agreement, license agreement or purchase contract); or (v) the commencement of any insolvency, bankruptcy or similar proceedings by or against the Customer (including any assignment by Customer for the benefit of creditors). Upon the occurrence of any event of default hereunder, Siemens may, in addition to any and all other remedies available under law, elect to: (i) immediately cease providing services under this Agreement and any and all other agreements between the parties, or suspend any training courses, until the default is cured or corrected; (ii) terminate this Agreement, in which case Customer shall pay to Siemens (a) all amounts due under this Agreement through the effective date of termination, (b) as liquidated damages and not as a penalty, an amount equal to 25% of the remaining payments due under this Agreement from the date of termination through the scheduled expiration of the term of this Agreement, and (c) all costs and expenses of collection, including without limitation reasonable attorneys' fees and court costs incurred by Siemens as a result of the Customer's default, and/or (iii) commence collection actions (including court actions) for all sums due under this Agreement. All rights and remedies available to Siemens hereunder, by law or equity, shall be cumulative and there shall be no obligation for Siemens to exercise a particular remedy.

In the event that Customer cures all defaults hereunder, then prior to resumption of services under this Agreement, Siemens may inspect the Equipment to determine if it is in good operating condition. Such inspection shall be charged to the Customer at Siemens' per-call rates and terms then in effect. Any repairs or adjustments which Siemens determines are required due to (i) the use of any non-Siemens parts, (ii) the repair or service of the Equipment by the Customer or any third party during the suspension of services by Siemens, or (iii) any of the exclusions from coverage set forth in Section 8 of this Agreement, shall be charged to the Customer at Siemens' rates and terms then in effect and shall include charges for parts, with all such repairs or adjustments to be completed prior to the resumption of service under this Agreement.

#### **10. Limitation of Liability**

Siemens' entire liability and Customer's exclusive remedy for any direct damages incurred by the Customer from any cause whatsoever, and regardless of the form of action, whether liability in contract or in tort, arising under this Agreement or related hereto, shall not exceed an amount equal to the Annual Agreement Price for the specific item of Equipment under this Agreement that caused the damage or is the subject matter of, or is directly related to, the cause of action. Such maintenance charges will be those in effect for the specific item of Equipment when the cause of action arose. The foregoing limitation of liability shall not apply to claims by Customer or third parties for bodily injury or damage to real property or tangible personal property caused solely and directly by the gross negligence or willful misconduct of Siemens. In addition, Siemens shall have no liability hereunder to Customer to the extent that Customer's or any third party's acts or omissions contributed in any way to any loss it sustained or to the extent that the loss or damage is due to a force majeure occurrence as described in Section 17 hereof or any other cause beyond the reasonable control of Siemens.

THIS IS A SERVICE AGREEMENT. WITHOUT LIMITING THE LIMITATION OF LIABILITY SET FORTH IN THE PRECEDING PARAGRAPH, SIEMENS EXPRESSLY DISCLAIMS ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT LIMITED TO, ANY IMPLIED WARRANTIES OF MERCHANTABILITY AND WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE. IN NO EVENT WILL SIEMENS BE LIABLE FOR ANY LOST PROFITS, LOST SAVINGS, LOST REVENUES, LOSS OF USE OR DOWNTIME (EXCEPT AS OTHERWISE PROVIDED HEREIN), LOST DATA, OR FOR ANY INDIRECT, INCIDENTAL, UNFORESEEN, SPECIAL, PUNITIVE OR CONSEQUENTIAL DAMAGES WHETHER BASED ON CONTRACT, TORT (INCLUDING NEGLIGENCE), STRICT LIABILITY OR ANY OTHER THEORY OR FORM OF ACTION, EVEN IF SIEMENS HAS BEEN ADVISED OF THE POSSIBILITY THEREOF, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE USE OR PERFORMANCE OF THE EQUIPMENT.

#### **11. Notices**

Except for the issuance of invoices as set forth in Section 7 hereof, all notices required to be provided hereunder shall be in writing and shall be sent by overnight delivery via a nationally recognized delivery service or by certified or registered mail, postage prepaid, to Siemens at the address set forth on the first page of this Agreement and to the Customer at the address set forth under "Bill To" on the first page of this Agreement. Notice given in compliance with this Section 11 shall be sufficient for all purposes under this Agreement, and such notice shall be effective when sent. Either party may change its notice address only if notification is sent in writing pursuant to this Section 11.

#### **12. Governing Law; Waiver of Jury Trial**

This Agreement shall be governed by the laws of the Commonwealth of PA. TO THE EXTENT NOT PROHIBITED BY LAW, THE PARTIES WAIVE ALL RIGHTS TO A JURY TRIAL IN ANY LITIGATION ARISING FROM OR RELATED IN ANY WAY TO THIS AGREEMENT OR THE TRANSACTION CONTEMPLATED HEREBY.

#### **13. Government Access Clause**

Until the expiration of four (4) years after the furnishing of any services under this Agreement, Siemens shall make available upon written request of the Secretary of the Department of Health and Human Services, the Comptroller General, or any of their duly authorized representatives, this Agreement and the books, documents and records of Siemens which are necessary to certify the nature and extent of costs incurred under this Agreement. If Siemens carries out any of the duties of this Agreement through a subcontract with a value of \$10,000 or more over a 12 month period with a related organization, such subcontract shall include a clause to the effect that until the expiration of four (4) years after the furnishing of any services under the subcontract, the related organization shall make available upon written request of the Secretary of the Department of Health and Human Services, the Comptroller General, or any of their duly authorized representatives, the subcontract and the books, documents and records of the related organization that are necessary to certify the nature and extent of costs incurred under that subcontract.

This provision shall apply if and solely to the extent that Section 1891 (v) (1) (i) of the Social Security Act applies to this Agreement.

#### **14. Damages, Costs, And Fees**

In the event that any dispute or difference is brought arising from or relating to this Agreement or the breach, termination, or validity thereof, the prevailing party shall not be entitled to recover from the other party punitive damages. The prevailing party shall be entitled to recover from the other party all reasonable attorneys' fees and collection agency fees incurred, together with such other expenses, costs and disbursements as may be allowed by law.

#### **15. Severability; Headings**

No provision of this Agreement which may be deemed invalid, illegal or unenforceable will in any way invalidate any other portion or provision of this Agreement. Paragraph headings are for convenience only and will have no substantive effect.

#### **16. Waiver**

No failure, and no delay in exercising, on the part of any party, any right under this Agreement will operate as a waiver thereof, nor will any single or partial exercise of any right preclude the further exercise of any other right.

#### **17. Force Majeure**

Siemens will not be liable to Customer for any failure to fulfill its obligations under this Agreement due to causes beyond its reasonable control and without its fault or negligence including, but not limited to, governmental laws and regulations, acts of God or the public, war or other violence, civil commotion, blockades, embargoes, calamities, floods, fires, earthquakes, explosions, accidents, storms, strikes, lockouts, work stoppages, labor disputes, or unavailability of labor, raw materials, power or supplies. In addition, in the event of any determination pursuant to the provisions of a collective bargaining agreement between the Customer and any labor union representing any employees of the Customer preventing or hindering the performance of any of the obligations of Siemens under this Agreement, or determining that the performance of any such obligations violates provisions of that collective bargaining agreement, or in the event a trade union, or unions, representing any of the employees of the Customer otherwise prevents Siemens from performing any such obligations, then Siemens shall be excused from the performance of such obligations unless the Customer makes all required arrangements with the trade union, or unions, to permit Siemens to perform the work. The Customer shall pay any additional costs incurred by Siemens that are related to any labor dispute(s) that involve the Customer.



**March 27, 2015****10:28 pm****SIEMENS****Proposal # 1-660ZP3****19. Confidentiality**

Siemens and the Customer shall maintain the confidentiality of any information provided or disclosed to the other party, its employees or agents (a "receiving party") relating to the business, customers and/or patients of the disclosing party, including but not limited to know-how, technical data, processes, software, techniques, developments, inventions, research products and plans for future developments, proprietary matters of a business or technical nature, as well as this Agreement and its terms (including the pricing and other financial terms under which the Customer will be obtaining the services hereunder). Confidential information shall also include all written materials (including correspondence, memoranda, manuals, training materials, notes and notebooks) and all computer software, models, mechanisms, devices, drawings or plans which may be disclosed or made available embodying Confidential Information. All Confidential Information shall be and remain the sole and exclusive property of the disclosing party. Each party shall use reasonable care to protect the confidentiality of the information disclosed, but no less than the degree of care it would use to protect its own confidential information, and shall only disclose the other party's confidential information to its employees and agents having a need to know this information. Confidential information shall not include any information or data which (i) is or becomes public knowledge through no fault of the receiving party or any of its employees or agents, (ii) is made available to the receiving party by an independent third party without any obligation of confidentiality, (iii) is already in the receiving party's possession at the time of receipt from the disclosing party (as such prior possession can be properly demonstrated by it), or (iv) is required by law to be disclosed, provided that the receiving party gives the disclosing party advance notice of the requirement for disclosure so that the disclosing party can take whatever action it deems necessary to protect the disclosure of its Confidential Information. In addition, this confidentiality provision shall not apply to any action brought by either party to enforce the terms of this Agreement against the other party.

Any unauthorized use, disclosure or misappropriation of any Confidential Information by the receiving party in violation of the foregoing may result in irreparable and continuing damage to the disclosing party. In the event of such breach, the disclosing party shall be entitled to obtain immediate injunctive relief and any other relief or remedies to which it may be entitled. The receiving party waives any requirement that the disclosing party post a bond or other security in connection with any petition filed by the disclosing party for injunctive relief. In the event that a court of competent jurisdiction determines that the receiving party has breached this provision, then the receiving party shall reimburse the disclosing party for the costs of any court proceedings and all reasonable attorney's fees.

**19. End of Support Announcement**

Notwithstanding anything to the contrary contained herein, in the event that Siemens makes a general announcement that it will no longer offer service agreements for an item of equipment or components thereof, or provide a particular service agreement option or feature, whether due to the unavailability of spare parts or otherwise (an "EOS Announcement"), then upon no less than twelve (12) months prior written notice to the Customer, Siemens may, at its option, (i) cancel this Agreement or (ii) remove any affected Equipment, components, options or features from coverage under this Agreement, with a corresponding adjustment of the Annual Agreement Price. At the end of this twelve (12) month period and at the request of the Customer, Siemens will use commercially reasonable efforts to provide service or parts on a time and materials basis only, at Siemens' rates and terms then in effect, for any Equipment, components, options or features subject to an EOS Announcement.

**20. Removal of Equipment from Coverage**

The Customer may remove Equipment from coverage under this Agreement at any time upon no less than thirty (30) days prior written notice to Siemens if the use of the Equipment is permanently discontinued and the Equipment is removed from service. There is no fee for this cancellation. Prorated credit will be issued for any advance payments made by the Customer for the period after the effective date of removal (based on the notice requirement). In addition, if the Customer sells or otherwise transfers any of the Equipment to a third party and the Equipment remains installed and in use at the same location, but such third party does not assume the obligations of the Customer under this Agreement or enter into a new service agreement with Siemens with a term at least equal to the unexpired term of this Agreement, then the Customer may terminate this Agreement with respect to such Equipment upon no less than thirty (30) days prior written notice to Siemens, in which case the Customer shall pay to Siemens (i) all amounts due under this Agreement through the effective date of termination (based on the notice requirement) and (ii) as liquidated damages and not as a penalty, an amount equal to 25% of the remaining payments due under this Agreement for such Equipment from the date of termination through the scheduled expiration of the term of this Agreement.

**21. HIPAA**

To the extent required by the provisions of the Health Insurance Portability and Accountability Act ("HIPAA") and the regulations promulgated thereunder, Siemens does hereby assure Customer that it will appropriately safeguard protected health information made available to or obtained by Siemens pursuant to this Agreement or any Service Schedule ("PHI"). Without limiting the obligations of Siemens otherwise set forth in this Agreement or imposed by applicable law, Siemens agrees to comply with applicable requirements of law relating to PHI and with respect to any task or other activity Siemens performs on behalf of Customer. Specifically, Siemens shall:

(a) not use or disclose PHI other than as permitted or required by this Agreement or as required by law;

(b) implement administrative, physical and technical safeguards that reasonably and appropriately protect the confidentiality, integrity and availability of any electronic PHI that it creates, receives, maintains or transmits on behalf of the Customer and

otherwise use appropriate safeguards to prevent use or disclosure of PHI, other than as provided for by this Agreement;

(c) report to Customer any use or disclosure of PHI not provided for by this Agreement, and report any security incident of which Siemens becomes aware;

(d) ensure that any subcontractors or agents to whom Siemens provides PHI received from, or created or received by Siemens on behalf of, Customer agree to essentially the same restrictions and conditions that apply to Siemens with respect to PHI and implement reasonable and appropriate safeguards with respect to PHI;

(e) upon Customer's written request, make PHI available to the Customer as necessary for Customer to respond to individuals' requests for access to PHI about them, provided that the PHI in Siemens' possession constitutes a Designated Record Set and Siemens has been specifically engaged by Customer to so maintain and service such PHI on behalf of Customer;

(f) upon Customer's written request, make PHI available to Customer for amendment and incorporate any amendments to the PHI in accordance with applicable law, provided that the PHI in Siemens' possession constitutes a Designated Record Set and Siemens has been specifically engaged by Customer to so maintain and service such PHI on behalf of Customer;

(g) make available to Customer the information in its possession required to provide an accounting of disclosures of PHI as required by applicable law;

(h) mitigate, to the extent practicable, any harmful effect that is known to Siemens of a use or disclosure of PHI by Siemens in violation of the requirements of this Agreement or of law;

(i) provide notice of a breach of unsecured PHI to Customer without unreasonable delay, and in no case later than thirty (30) days after discovery of a breach. The notification shall include, to the extent possible, the identification of each individual whose unsecured PHI has been, or is reasonably believed by Siemens to have been, accessed, acquired, used, or disclosed. Siemens shall provide Customer with any other available information that Customer is required to include in notification to the individual under applicable law;

(j) make Siemens' internal practices, books, and records relating to the use and disclosure of PHI received from Customer available to the Secretary of the United States Health & Human Services for purposes of determining Customer's compliance with applicable law; and

(k) upon expiration or termination of this Agreement, return to Customer or destroy all PHI in its possession as a result of this Agreement and retain no copies of PHI, if it is feasible to do so. If return or destruction is not feasible, Siemens agrees to extend all protections contained in this Agreement to Siemens' use and/or disclosure of any retained PHI, and to limit further uses and/or disclosures to the purposes that make the return or destruction of the PHI infeasible.

Siemens agrees that it will negotiate in good faith an amendment to this Agreement if, and to the extent required by, the provisions of HIPAA and regulations promulgated thereunder, in order to assure that this Agreement is consistent therewith.

**22. Uptime Guarantee [DOES NOT APPLY TO EVERY SERVICE AGREEMENT]**

For any Equipment that includes an Uptime Guarantee as specified in Exhibit A, Siemens guarantees that the Equipment will function at the minimum Uptime Performance (defined below) level set forth in Exhibit A (computed as described below).

"Uptime Performance" is defined as the capability of the Equipment to be utilized to treat or diagnose patients. The Equipment will be considered to be operational (i.e., it will not be considered to be "down"): (a) unless it cannot be utilized to treat or diagnose patients (room down); (b) if Siemens is prepared to perform maintenance services to make the Equipment operational but such service is delayed by the Customer or is deferred by the Customer until a later time or date; (c) if the Equipment is not otherwise made available to Siemens' service engineers; (d) if the Equipment is down is due to, associated with, or caused by (i) misuse, negligence, or operator error, (ii) inadequate environmental conditions (not conforming with the environmental specifications provided by Siemens), including temperature and humidity, line power exceeding Siemens' requirements of voltage, frequency, impulses or transients, (iii) any of the exclusions set forth in Section 8 hereof, or (iv) acts of God or other force majeure events described in Section 17 hereof; or (e) during periods in which Siemens is performing scheduled or planned maintenance, changing high-vacuum components, and installing updates and/or upgrades. If the Equipment is not operational, then the Customer must immediately notify the Siemens Uptime Service Center (24-hour Service Call Dispatch Center). Downtime will not commence until such notification is given to Siemens.

For purposes of calculating the Uptime Performance level percentage, such computation shall be made over the PCP, to include any extended coverage hours as indicated on Exhibit A. The Equipment's Uptime Performance shall be calculated to comply with the above guidelines on an annual basis. If the Equipment's Uptime Performance level is found to be less than the guaranteed percentage, as computed in accordance with the above guidelines, Siemens will extend the term of this Agreement by seven (7) calendar days (30 calendar days for Oncology Care Systems) for every percentage point (rounded to the nearest percent) below the guaranteed percentage. These days will be added at the end of the term of this Agreement. For example, if the guaranteed percentage is 97%, then 95% Uptime Performance would result in an extension of seven (7) calendar days and 93% Uptime Performance would result in an extension of fourteen (14) calendar days. The foregoing states Siemens' entire obligation and liability, and the Customer's sole remedy, for Siemens' failure to meet the Uptime Performance Guarantee.

In order for the Uptime Performance Guarantee to be effective, the Customer must place all calls for service through Siemens' Uptime Service Center and must accept all Technical Assistance that is offered by Siemens, including, but not limited to,



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telephone support and remote diagnostics. For any period of time that the Customer does not seek and accept Technical Assistance from Siemens, then the Equipment shall be considered to be operational.

The Customer agrees to allow connection to Siemens' Remote Service diagnostic equipment, where available, for the Equipment covered by this Agreement. Siemens Remote Service (SRS) is required for SRS-capable systems. The Uptime Performance Guarantee shall be void if the SRS connection is not provided and available 24 hours per day, 7 days a week.

### **23. Response Time Guarantee [DOES NOT APPLY TO EVERY SERVICE AGREEMENT]**

Siemens guarantees that it shall meet any on-site response time as specified in Exhibit A for system "down" situations. Response time is measured from the time that the Customer notifies the Siemens Uptime Service Center that a system is down. The response time only applies during the PCP, to include any extended coverage hours (if selected by the Customer), as indicated on Exhibit A. For example, a request for on-site service made at noon on a Monday (where the PCP is 8:00 a.m. through 5:00 p.m., Mondays through Fridays) will have a guaranteed arrival time of 4:00 p.m. on the same day for customers with a four (4) hour response time and a guaranteed arrival time of 11:00 a.m. on the next day for customers with an eight (8) hour response time guarantee. A request for on-site service made at 9:00 a.m. on a Saturday will have a guaranteed arrival time of noon on the next Monday for customers with a four (4) hour response time and 4:00 p.m. on that Monday for customers with an eight (8) hour response time guarantee. If a request for on-site service is made outside the PCP (to include extended coverage hours, if selected by the Customer), Siemens will use its best efforts to have a CSE on-site as soon as possible.

If Siemens responds to a request for on-site service during the PCP but its work to repair or service the Equipment continues after the expiration of the PCP (to include any extended coverage hours, if applicable), then any work outside the PCP will be billed to the Customer, unless any optional Continuous Effort coverage that is available for the Equipment has been purchased as part of this Agreement. Continuous Effort coverage ensures that in room/system down situations, work will continue past the contracted PCP (including any extended coverage hours, if applicable, and/or core modality specific hours, as defined in the Glossary, if applicable) at no additional charge until the system is repaired or 1:00 a.m., whichever comes first, as long as the CSE has been on-site for one hour or more before the end of the contracted PCP (including any extended coverage hours and/or core modality specific hours, if applicable).

The remedy provided by Siemens for its failure to meet the on-site response time guarantee is as follows: for each one (1) hour or portion thereof that Siemens fails to meet the on-site response time guarantee, the Customer will receive one (1) free hour of overtime after the PCP for that service event. The foregoing states Siemens' entire obligation and liability, and the Customer's sole remedy, for Siemens' failure to meet the Response Time Guarantee.

### **24. Non-Assignment**

Customer may not assign this Agreement unless it obtains the prior written consent of Siemens, which consent shall not be unreasonably withheld or delayed. Siemens may not assign this Agreement unless it obtains the prior written consent of the Customer, which consent shall not be unreasonably withheld or delayed, except that Siemens may assign without Customer approval to any subsidiary or affiliated company or any of its authorized dealers.

### **25. Reimbursement for Training Courses Upon Early Termination**

If this Agreement includes any training courses and this Agreement is terminated or Equipment is removed from coverage as provided hereunder prior to the expiration of the term, then Siemens may bill the Customer for any balance due and owing with respect to those training courses that have been completed by the Customer, and Customer agrees to pay the same.

### **26. Execution; Counterparts**

If the Customer is a corporation or partnership, the person signing this Agreement on its behalf certifies that such person is an officer or partner thereof, that his or her action was duly authorized by appropriate corporate or partnership action, that such action does not conflict with the corporate charter or bylaws or the partnership agreement, as the case may be, or any contractual provision binding on such corporation or partnership, and that no consent of any stockholders to his or her action is required.

This Agreement may be executed in two (2) or more counterparts, each of which shall constitute an original document but all of which together shall constitute one and the same agreement.

### **27. Entire Agreement**

This Agreement, including all exhibits and addenda attached hereto, constitutes the entire agreement between the parties relating to the subject matter hereof, and supersedes all prior and contemporaneous oral or written representations or communications between the parties. This Agreement may not be modified or amended, except in writing executed by the appropriate designated officers of the parties hereto. Any variation in the terms and conditions contained in this Agreement (including, but not limited to, the inclusion of Customer's own terms and conditions in any purchase order or other document issued by Customer in response to and/or referencing Siemens' quotation for service or this Agreement) shall not be deemed to be a part of this Agreement and shall not be binding upon Siemens unless set forth in writing and executed by the appropriate designated officer of Siemens. Subject to the limitations expressed herein, this Agreement will be binding upon and inure to the benefit of the parties hereto, their successors, legal representatives, and permitted assigns. Notwithstanding anything to the contrary contained herein, the provisions of Sections 9, 10, 12, 13, 14, 15, 16, 18 and 21 shall survive the expiration or termination of this Agreement.

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CV

Dr Frank Eggers

**March 27, 2015**  
(REV. 10/1/14)  
**10:28 pm****Curriculum Vitae****Frank M. Eggers, II, M.D., F.A.C.R.**

**BACKGROUND:** Born: February 17, 1945 in Maryville, Tennessee  
Attended public schools and active in intramural and varsity athletics

**FAMILY:** Married in 1968 to Sandy J. Eggers, Ph.D.  
One daughter, Leann E. Linam, M.D., born June 26, 1973;  
Married to W. Matthew Linam, M.D.  
One son, D. Hamilton Eggers, born September 3, 1975;  
Married to Ashley Saylor Eggers  
Two granddaughters, and three grandsons.

**CURRENT HOME ADDRESS:** 5498 North Angela Road  
Memphis, Tennessee 38120

**HOME TELEPHONE:** (901) 685-7262      **CELL PHONE:** (901) 601-7508  
**HOME FAX:** (901) 767-5279      **EMAIL:** fegggers@msn.com

**CURRENT BUSINESS:** Mid-South Imaging & Therapeutics, P.A.  
**ADDRESS:** 6305 Humphreys Blvd., Suite 205  
Memphis, TN 38120

**BUSINESS TELEPHONE:** (901) 747-1000  
**FAX:** (901) 747-1001

**COLLEGE:** Maryville College, Maryville, Tennessee, 1963-1967  
Graduated with a BS in Chemistry, magna cum laude.  
Member of chemical, biological and scholastic honor societies.  
Lettered four years in varsity football and received an NCAA academic postgraduate scholarship

**MEDICAL SCHOOL:** Vanderbilt University Medical School  
Nashville, Tennessee, 1967-1971, M.D.  
Recipient of the Justin and Valerie Potter Memorial Merit Scholarship

**INTERNSHIP:** Department of Surgery, 1971-1972  
Parkland Memorial Hospital  
University of Texas Southwestern Medical School  
5201 Harry Hines Boulevard  
Dallas, Texas 75235  
(214) 590-8000  
G. Tom Shires, M.D., Chairman

**RESIDENCY:** Diagnostic Radiology, July 1975-June 1978  
University of Cincinnati Medical Center  
Cincinnati General Hospital  
234 Goodman Street  
Cincinnati, Ohio 45267  
Jerome F. Wiot, M.D. Chairman (now deceased)  
Mary Mahoney, M.D. - Interim Chairman (2014)

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**FELLOWSHIP:** Neuroradiology, July 1978-June 1979  
University of Cincinnati Medical Center  
Cincinnati General Hospital  
234 Goodman Street  
Cincinnati, Ohio 45267  
Robert R. Lukin, M.D., Head, Division of Neuroradiology  
(Current Division Head - Thomas A. Tomsick, M.D.)

**BOARD**

**CERTIFICATION:** National Board of Medical Examiners (#119705)  
July 1, 1972  
  
American Board of Radiology - Diagnostic Radiology  
June 1978  
  
American Board of Radiology - CAQ Neuroradiology  
February 1994  
Recertification CAQ Neuroradiology - July 2005

**PROFESSIONAL**

**AFFILIATIONS:** American College of Radiology, 1979- present; (Fellow '97)  
Alternate councilor Tennessee - 1995-1997;  
Councilor Tennessee - 1998-2000  
The Radiological Society of North America -1975 - present;  
Cincinnati Society of Neurology and Neurosurgery  
(1979-1981);  
Ohio State Radiological Society (1978-1981)  
American Society of Neuroradiology (Sr. Member:  
1979-Present)  
Cincinnati Academy of Radiology (1979-1981)  
Middle Tennessee Radiological Society (1981-1983)  
Southeastern Neuroradiological Society (1981-Present;  
Treasurer-1992-1993; Vice President/President  
Elect/Program Chairman-1994; President-1995)  
Memphis/Shelby County Medical Society (1983-Present)  
Memphis Roentgen Society (1983-Present)  
Tennessee Medical Society (1981-Present)  
Tennessee Radiological Society (1981-Present)  
Secretary/Treasurer (2000-2001)  
Chairman Fellowship Committee (1998-2010)  
President-elect (2001- 2002)  
President - (2002 - 2004)  
Program Chair - (2003 - 2010)  
American Medical Association (1983-2010)  
American Society of Head and Neck Radiology  
Roentgen Ray Society  
American Society of Spine Radiology  
American Society of Interventional and Therapeutics  
Neuroradiology; Associate Member (2000-2010)  
American Society of Functional Neuroradiology(2005- present)

FRANK M. EGGERS, II, M.D., F.A.C.R.  
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<b>LICENSURE:</b>	Virginia	#0101023234	1973 (current)
	Ohio	#038115	1975 (current)
	Kentucky	#20330	1979 (inactive)
	Indiana	#29242	1979 (inactive)
	Tennessee	#13451	1981 (current)
	Arkansas	#E-0932	1996 (current)
	Mississippi	#15171	1997 (current)

**MILITARY:** United States Navy, July 1, 1972 - December 10, 1974

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Navy Flight Surgeon - stationed at Pensacola, Florida  
and Norfolk, Virginia

**APPOINTMENTS:**

Instructor Radiology - University of Cincinnati  
Cincinnati General Hospital  
234 Goodman Street  
Cincinnati, Ohio 45267  
July 1, 1979 - June 30, 1981

Consultant Neuroradiologist:

- 1) St. Elizabeth's Hospital  
401 East 20th Street  
Covington, Kentucky 41041  
July 1980 - June 1981
- 2) St. Luke's Hospital  
85 North Grand Avenue  
Ft. Thomas, Kentucky 41075  
July 1980 - June 1981
- 3) Good Samaritan Hospital  
375 Dixmyth  
Cincinnati, Ohio 45220  
July 1980 - June 1981

Consultant Radiologist:

William Booth Memorial Hospital  
7380 Turfway Road  
Florence, Kentucky 41042  
July 1979 - June 1981

Assistant Professor Radiology - Vanderbilt  
University (July 1981 - May 1983)

Staff Neuroradiologist

Baptist Memorial Hospital  
May 1983 - Present

Chief, Section Neuroradiology (1990 - 2000)

Member Mid-South Imaging Board of Directors - 10/93-9/98

**FRANK M. EGGERS, II, M.D., F.A.C.R.**

**CURRICULUM VITAE**

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**REFERENCES:**

**PROFESSIONAL:**

Robert R. Lukin, M.D.  
Ben Felson Professor, and Chairman  
Department of Radiology  
Cincinnati General Hospital  
234 Goodman Street  
Cincinnati, Ohio 45267

Thomas A. Tomsick, M.D.  
Department of Radiology  
Division of Neuroradiology  
Cincinnati General Hospital  
234 Goodman Street

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Cincinnati, Ohio 45267

A. Alan Chambers, M.D.  
Department of Radiology  
Division of Neuroradiology  
Cincinnati General Hospital  
234 Goodman Street  
Cincinnati, Ohio 45267

Joseph H. Allen, Jr., M.D.  
Professor Emeritus, Vanderbilt University  
403 Sunnyside Drive  
Nashville, Tennessee 37205 -

**PERSONAL:** John S. Buchignani, Jr., M.D.  
Mid-South Imaging & Therapeutics, P.A.  
6305 Humphreys Blvd, Suite 205  
Memphis, Tennessee 38120

Dr. Hampton Holcomb  
1575 East Whitmar Place  
Memphis, Tennessee 38120

**FRANK M. EGGERS, II, M.D., F.A.C.R.**  
**CURRICULUM VITAE**  
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**PUBLICATIONS:**

- (1) Eggers FM; Lukin RR; Chambers AA; Tomsick TA; Sawaya R:  
Iatrogenic carotid-cavernous fistula following Fogarty  
catheter thromboendarterectomy. Case report.  
J. Neurosurgery 51 (4): 543-545, October 1979.
- (2) Tomsick TA; Eggers FM; Lukin RR; Sprich W; Chambers AA;  
Detachable balloon closure of carotid-jugular fistulas in  
dogs. Invest Radiology 15 (6): 481-489, November-December 1980.
- (3) Clark RA; Colley DP; Eggers FM: Acute arterial gastrointestinal  
hemorrhage: efficacy of transcatheter control. AJR 136 (6):  
1185-1189, June 1981.
- (4) Eggers FM; Tomsick TA; Chambers AA; Lukin RR:  
Aneurysms of persistent trigeminal arteries. Report of two cases.  
Neuroradiology 24 (1): 65-66, 1982.
- (5) Eggers FM; Tomsick, TA; Lukin RR; Chambers AA:



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Recognition of subdural hematoma secondary to ruptured aneurysm by computerized tomography. Comput Radiology 6 (5): 309-313, September-October 1982.

- (6) Eggers FM; Price AC; Allen JH; James AE, Jr.:  
Neuroradiologic applications of intraarterial digital subtraction angiography. AJNR 4 (3): 854-856, May-June 1983.
- (7) Price AC; Allen JH; Eggers FM; Shaff MI; James AE, Jr.:  
Intervertebral disk-space infection: CT changes.  
Radiology 149 (3): 725-729, December 1983.
- (8) Clark WC; Moretz WH, Jr.; Acker JD; Gardner LG; Eggers FM; Robertson JH:  
Nonsurgical management of small and intracanalicular acoustic tumors.  
Neurosurgery 16 (6): 801-803, June 1985.
- (9) Clark WC; Acker JD; Robertson JH; Eggers FM; Muhlbauer MS: Reformatted sagittal images in the differential diagnosis of meningiomas and pituitary adenomas with suprasellar extension. Neurosurgery 18 (5): 555-558, May 1986.
- (10) Acker JD; Wood GW, II; Moinuddin M; Eggers FM:  
Radiographic Manifestations of Spine Infection. In Spine: State of the Art Reviews, Vol. 3, No. 3: 403-418, September 1989, Philadelphia, Hanley & Belfus, Inc.
- (11) Javan, R, Duszak, R. Jr., Eisenberg, AD, Eggers, FM.  
Spontaneous Pneumocephalus after Commercial Air Travel, Complicated by Meningitis  
Aviation, Space, and Environmental Med. 2011 Dec. 82(12) 1053-6

**FRANK M. EGGERS, II, M.D., F.A.C.R.**  
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**PRESENTATIONS:**

- (1) Aspects of Digital Radiography  
Southeastern Neuroradiologic Society (SENRS) Annual Meeting;  
Palm Beach, FL, October 1981
- (2) Neuroradiologic Application of Intraarterial Digital Subtraction Angiography; International Symposium Neuroradiological; Washington, DC, 1982
- (3) Neuroradiologic Application of Intraarterial Digital Subtraction Angiography; RSNA Annual Meeting; Chicago, IL, November 1982
- (4) Neuroradiology: What's Hot and What's Not!  
Invited lecturer for the Kentucky Chapter, American College of Family Practice Annual Meeting; Louisville, KY, May 1984
- (5) Cost Containment for Acoustic Neuroma Screening; SENRS Annual Meeting; Lake Buena Vista, FL, October 1985
- (6) Wada Examination: Is there a role for the neuroradiologist?  
SENRS Annual Meeting; Ashville, NC, October 1987
- (7) Incidence of Incidental Pathology Discovered on Screening Exams for Acoustic Neuromas; SENRS Annual Meeting; Boca Raton, FL, September 1988



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- (8) Screening for Metallic Orbital Foreign Bodies for MRI; SENRS Annual Meeting; Longboat Key, FL, October 1990
- (9) MR Angiography--First Year Experience; SENRS Annual Meeting; Williamsburg, VA, October 1991
- (10) Standard of Practice: Should Radiologists Recommend Additional Dx or Rx in Their Dictation or "Just Read the Films?"; Survey of the SENRS and Tennessee Radiologic Society; SENRS Annual Meeting; Williamsburg, VA, October 1991
- (11) Is Teleradiology Adequate for Interpretation of Emergency CT Exams? Evaluation of Accuracy of Diagnosis of Emergency CT Exam Using Photophone DATA Transmission. SENRS Annual Meeting; Williamsburg, VA, October 1991
- (12) Standard of Practice: Should Radiologists Recommend Additional Dx or Rx in their Dictation or Just Read the Films? Survey of the SENRS and Tennessee Radiologic Society; Tennessee Radiological society Annual Meeting; Nashville, TN, April 1991

**Frank M. Eggers, II, M.D., F.A.C.R.**  
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- (13) Excerpta Extraordinaire: Memphis, TN  
SENRS Annual Meeting; Naples, FL, October 1992
- (14) Meningioma Mimics; SENRS Annual Meeting: Amelia Island, FL,  
October 1993
- (15) Unusual CNS Infection: Tularemia - report of a case;  
SENRS Annual Meeting: West Palm Beach, FL, October 2000.

**SCIENTIFIC  
EXHIBITS:**

- (1) Sialography; Radiological Society of North America (RSNA)  
Annual Meeting; Chicago, IL 1977
- (2) Neuroradiologic Application of Intraarterial Digital Subtraction  
Angiography; RSNA Annual Meeting, Chicago, IL 1982
- (3) Neuroradiologic Application of Intraarterial Digital Subtraction  
Angiography; Roentgen Ray Society Annual Meeting, Atlanta, GA,  
April 1983

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FDA Approval

K101347  
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Section: 5 510(k) Summary**Section 5 510(k) Summary**

FOCT 1 2010

This summary of 510(k) safety and effectiveness information is being submitted in accordance with the requirements of Safe Medical Device Act 1990 and 21 CFR § 807.92.

**I. General Information**

<b>Establishment</b>	Siemens Medical Solutions USA, Inc. 51 Valley Stream Parkway Mail Code G01 Malvern, PA 19355, USA
<b>Registration Number</b>	2240869
<b>Manufacturer</b>	Siemens AG Henkestrasse 127 D-91052 Erlangen, Germany
<b>Registration Number</b>	8010024
<b>Contact Person</b>	Ms. Kim Rendon Manager, Regulatory Affairs/Clinical Affairs Siemens Healthcare  Siemens Medical Solutions USA, Inc. Customer Solutions Group 51 Valley Stream Parkway Mail Code G01 Malvern, PA 19355, USA Phone: (610) 448-1773 Fax: (610) 448-1787
<b>Device Name</b>	Trade Names: MAGNETOM Aera MAGNETOM Skyra Classification Name: Magnetic Resonance Diagnostic Device CFR Code: 21 CFR § 892.1000 Classification: Class II

**Performance Standards**

None established under Section 514 the Food, Drug and Cosmetic Act.

**Section: 5 510(k) Summary****II. Safety and Effectiveness Information Supporting Substantial Equivalence****Intended Use**

The MAGNETOM Aera and the MAGNETOM Skyra systems are indicated for use as a magnetic resonance diagnostic device (MRDD) that produces transverse, sagittal, coronal and oblique cross sectional images, spectroscopic images and/or spectra, and that displays the internal structure and/or function of the head, body, or extremities.

Other physical parameters derived from the images and/or spectra may also be produced. Depending on the region of interest, contrast agents may be used. These images and/or spectra and the physical parameters derived from the images and/or spectra when interpreted by a trained physician yield information that may assist in diagnosis.

The MAGNETOM Aera and the MAGNETOM Skyra systems may also be used for imaging during interventional procedures when performed with MR compatible devices such as in-room display and MR-safe biopsy needles.

**Device Description**

MAGNETOM Aera (1.5 T) and MAGNETOM Skyra (3 T) are similar to the previously cleared MAGNETOM Espree and MAGNETOM Verio, utilizing a superconducting magnet design. The open bore, whole body scanners are designed for increased patient comfort. They focus on ergonomics and usability to reduce complexity of the MR workflow.

The MAGNETOM Aera and the MAGNETOM Skyra systems will be available in fixed and mobile configurations.

**Substantial Equivalence**

Siemens feels that the new systems are substantially equivalent to the following predicate devices:

<i>Predicate Device Name</i>	<i>FDA Clearance Number</i>	<i>FDA Clearance Date</i>
Siemens MAGNETOM Espree (1.5T)	K041112	July 21, 2004
Siemens MAGNETOM Verio (3T)	K072237	October 10, 2007
syngo® MR B17 Software update	K082427	November 7, 2008

**General Safety and Effectiveness Concerns:**

Operation of the MAGNETOM Aera (1.5T) and the MAGNETOM Skyra (3T) systems is substantially equivalent to the commercially available MAGNETOM Espree (1.5T) and MAGNETOM Verio (3T) System.

**Section: 5 510(k) Summary**

As specified in the FDA guidance document "Guidance for the Submission Of Premarket Notifications for Magnetic Resonance Devices" (released Nov. 1998) the following measurements of performance and safety data have been performed following NEMA or equivalent IEC and ISO standards:

**Safety:**

- Maximum Static Field
- Rate of Change of Magnetic Field
- RF Power Deposition
- Acoustic Noise Levels

**Performance:**

- Specification Volume
- Signal to Noise
- Image Uniformity
- Geometric Distortion
- Slice Profile, Thickness and Gap
- High Contrast Spatial Resolution

The MAGNETOM Aera and MAGNETOM Skyra will conform to the measurements of safety parameters to the international IEC, ISO and NEMA standards for safety issues with Magnetic Resonance Imaging Diagnostic Devices.

Furthermore performance measurements have been done on the predicate devices MAGNETOM Espree and MAGNETOM Verio to show that the performance of the MAGNETOM Aera and MAGNETOM Skyra is equivalent with respect to the predicate devices.

This will assure that the performance of these devices can be considered safe and effective with respect to the currently available MAGNETOM Espree and MAGNETOM Verio systems.



DEPARTMENT OF HEALTH & HUMAN SERVICES

**SUPPLEMENTAL #1**

**March 27, 2015**

**10:28 pm**

Public Health Service

Food and Drug Administration  
10903 New Hampshire Avenue  
Document Control Room - WO66-G609  
Silver Spring, MD 20993-0002

Ms. Kim Rendon  
Manager, Regulatory/Clinical Affairs  
Siemens Medical Solutions USA, Inc.  
51 Valley Stream Pkwy, Mail Code G01  
MALVERN PA 19355

OCT 1 2010

Re: K101347  
Trade/Device Name: Magnetom Aera and Magnetom Skyra  
Regulation Number: 21 CFR 892.1000  
Regulation Name: Magnetic resonance diagnostic device  
Regulatory Class: II  
Product Code: LNH and LNI  
Dated: August 13, 2010  
Received: August 16, 2010

Dear Ms. Rendon:

We have reviewed your Section 510(k) premarket notification of intent to market the device referenced above and have determined the device is substantially equivalent (for the indications for use stated in the enclosure) to legally marketed predicate devices marketed in interstate commerce prior to May 28, 1976, the enactment date of the Medical Device Amendments, or to devices that have been reclassified in accordance with the provisions of the Federal Food, Drug, and Cosmetic Act (Act) that do not require approval of a premarket approval application (PMA). You may, therefore, market the device, subject to the general controls provisions of the Act. The general controls provisions of the Act include requirements for annual registration, listing of devices, good manufacturing practice, labeling, and prohibitions against misbranding and adulteration.

If your device is classified (see above) into class II (Special Controls), it may be subject to such additional controls. Existing major regulations affecting your device can be found in Title 21, Code of Federal Regulations (CFR), Parts 800 to 895. In addition, FDA may publish further announcements concerning your device in the Federal Register.

Please be advised that FDA's issuance of a substantial equivalence determination does not mean that FDA has made a determination that your device complies with other requirements of the Act or any Federal statutes and regulations administered by other Federal agencies. You must comply with all the Act's requirements, including, but not limited to: registration and listing (21 CFR Part 807); labeling (21 CFR Parts 801 and 809); medical device reporting (reporting of

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Page 2

medical device-related adverse events) (21 CFR 803); and good manufacturing practice requirements as set forth in the quality systems (QS) regulation (21 CFR Part 820). This letter will allow you to begin marketing your device as described in your Section 510(k) premarket notification. The FDA finding of substantial equivalence of your device to a legally marketed predicate device results in a classification for your device and thus, permits your device to proceed to the market.

If you desire specific advice for your device on our labeling regulation (21 CFR Parts 801 and 809), please contact the Office of *In Vitro* Diagnostic Device Evaluation and Safety at (301) 796-5450. Also, please note the regulation entitled, "Misbranding by reference to premarket notification" (21 CFR Part 807.97). For questions regarding the reporting of adverse events under the MDR regulation (21 CFR Part 803), please go to <http://www.fda.gov/MedicalDevices/Safety/ReportaProblem/default.htm> for the CDRH's Office of Surveillance and Biometrics/Division of Postmarket Surveillance.

You may obtain other general information on your responsibilities under the Act from the Division of Small Manufacturers, International and Consumer Assistance at its toll-free number (800) 638-2041 or (301) 796-7100 or at its Internet address <http://www.fda.gov/cdrh/industry/support/index.html>.

Sincerely yours,



David G. Brown, Ph.D.  
Acting Director  
Division of Radiological Devices  
Office of *In Vitro* Diagnostic Device  
Evaluation and Safety  
Center for Devices and Radiological Health

Enclosure

March 10/347  
10:28 pm

## Section: 4 Indications for Use Statement

## Section 4 Indications for Use Statement

510(k) Number (if known) \_\_\_\_\_

Device Names: **MAGNETOM Aera and MAGNETOM Skyra****Indications for Use:**

The MAGNETOM systems described above are indicated for use as a magnetic resonance diagnostic device (MRDD) that produces transverse, sagittal, coronal and oblique cross sectional images, spectroscopic images and/or spectra, and that displays the internal structure and/or function of the head, body, or extremities.

Other physical parameters derived from the images and/or spectra may also be produced. Depending on the region of interest, contrast agents may be used. These images and/or spectra and the physical parameters derived from the images and/or spectra when interpreted by a trained physician yield information that may assist in diagnosis.

The MAGNETOM systems described above may also be used for imaging during interventional procedures when performed with MR compatible devices such as inroom display and MR-safe biopsy needles.

(please do not write below this line- continue on another page if needed)

Concurrence of CDRH, Office of Device Evaluation

Prescription Use ☒ OR Over-The-Counter Use \_\_\_\_\_

*Michael D. O'Hara for David Browne*  
(Division Sign-Off)

Division of Radiological Devices  
Office of In Vitro Diagnostic Device Evaluation and Safety

Page 1 of 1

510K *K101347*

**Siemens 510(k) Premarket Notification**  
**MAGNETOM Aera and MAGNETOM Skyra**

May 12, 2010

Section 4-1



**March 27, 2015****10:28 pm****8. Section B, Project Description, Item III (Plot Plan) and Item IV (Floor Plan)**

Plot Plan - the location of the existing MRI service on the hospital campus is not shown in the plot plan. In addition, it would be helpful to show the main and/or closest entrance to the service for use by patients. Please submit a revised plot plan.

Floor Plan - the plan is illegible and too small to identify the layout of the applicant's proposed MRI service. Please revise by enlarging the drawing of the MRI area and identifying all key areas.

Response

The revised **plot plan** following this page shows the location of the MRI within the footprint of the building on the side facing Exeter Road. Two patient entrances are also shown. One entrance is under a canopy and includes a sloping walk for ADA access. The other entrance is closer to the MRI area upon entry to the building but involves some additional steps through an exterior walking path.

The closest entrance is related to the selection of a parking location in the lot that is in front of the building.

The revised Floor Plan is enlarged and the areas associated with the MRI are marked. Spaces for Waiting and Registration are shared with patients using other services.

<u>AREA NAME</u>	<u>SPACE (sq.ft.)</u>
MRI	395
Control	110
Reading	90
Dressing	35
Waiting	310
Registration	260
TOTAL	1200

# SUPPLEMENTAL #1

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FARMINGTON SHOPPING CENTER  
PLAT BOOK 87, PAGE 38  
SC-1  
ZONING

T.B.M.

EXETER ROAD

(106' ROW)

R=1053.00  
A=69.94  
D=3°48'20"

FARMINGTON SHOPPING CENTER  
FIRST ADDITION, PARCEL 2  
PLAT BOOK 84, PAGE 81  
SC-1  
ZONING

FARMINGTON SHOPPING CENTER  
1ST ADDITION, PARCEL 8  
PLAT BOOK 84, PAGE 81  
SC-1  
ZONING

10.97 Ac.

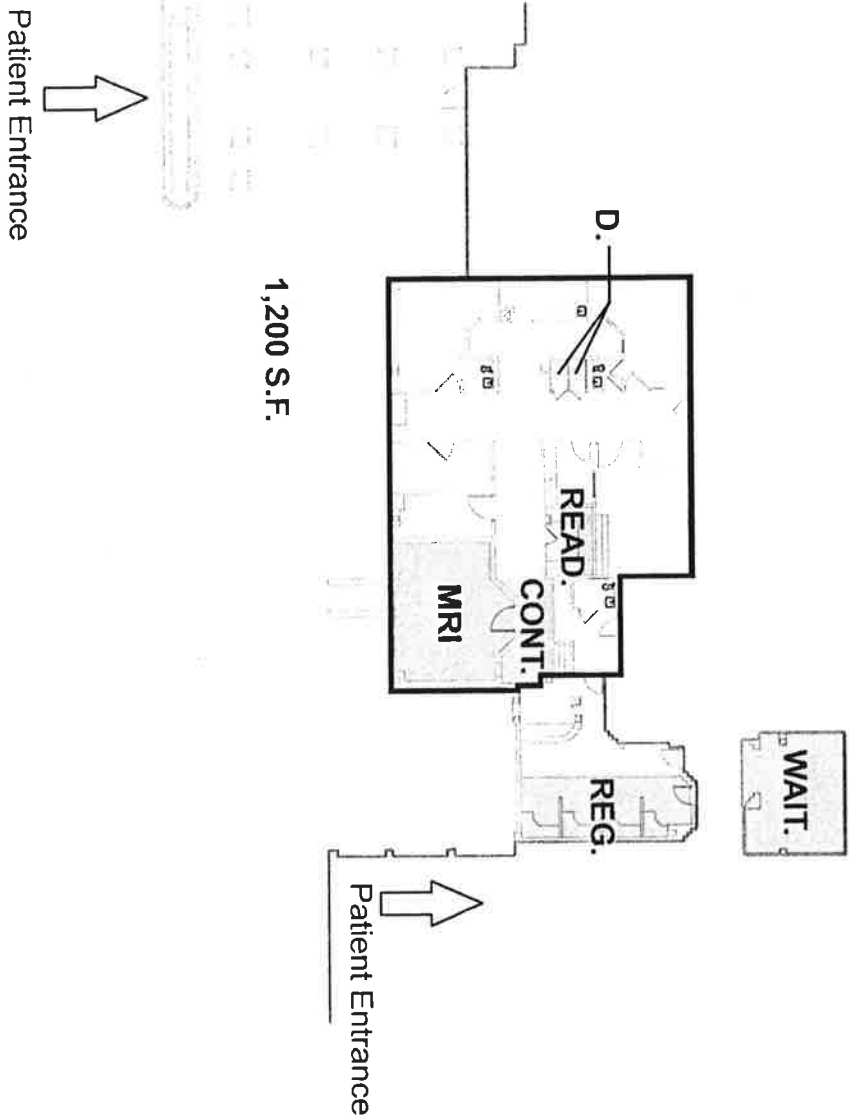
BAPTIST REHABILITATION - GERMANTOWN  
Germantown, Tennessee

**SUPPLEMENTAL #1**

**March 27, 2015**

**10:28 pm**

FIRST FLOOR PLAN - MRI



**March 27, 2015****10:28 pm****9. Section C, Need, Item 1 (Specific Criteria, MRI and State Health Plan)**

MRI Specific Criteria - The response is noted. Based on the applicant's proposal to initiate MRI services based on transferring operations from the hospital to BMG, your responses to the specific criteria would be helpful to a better understanding of the nature and scope of the project with respect to medical supervision, image interpretation, expanded use by residents of the proposed primary service area, etc.. Accordingly, please provide responses to the criteria and standards for MRI. A copy of same is found in Exhibit I at the end of this questionnaire.

State Health Plan- Please provide responses to the each of the 5 key principles of the plan. A copy of the principles is attached as Exhibit 2 at the end of the questionnaire.

Response

The items are completed on the attached pages.

**March 27, 2015****10:28 pm****Exhibit 1 - MRI Project Specific Criteria; Section C, Need, Item 1****Magnetic Resonance Imaging  
Standards and Criteria****1. Utilization Standards for non-Specialty MRI Units.**

- a. An applicant proposing a new non-Specialty stationary MRI unit should project a minimum of at least 2160 MRI procedures in the first year of service, building to a minimum of 2520 procedures per year by the second year of service, and building to a minimum of 2800 procedures per year by the third year of service and for every year thereafter.

**Response**

The project will not result in any additional MRI capacity in the community. CON approval is necessary to transfer operational management of the service from BRG to BMG which are both within the same health care system. Because the transfer will be an initiation of MRI services for BMG, responses to the specific criteria are provided.

As discussed in other sections of the CON application, the projected BMG scans are based on surveys and analyses performed by BMG Directors for metro locations and confirmed through discussions with physicians.

The projection for year 1 is 2,560 MRI procedures and for year 2 is 2,637 MRI procedures. The projection for year 3 is 2,808 procedures.

- b. Providers proposing a new non-Specialty mobile MRI unit should project a minimum of at least 360 mobile MRI procedures in the first year of service per day of operation per week, building to an annual minimum of 420 procedures per day of operation per week by the second year of service, and building to a minimum of 480 procedures per day of operation per week by the third year of service and for every year thereafter.

**Response**

N/A

- c. An exception to the standard number of procedures may occur as new or improved technology and equipment or new diagnostic applications for MRI units are developed. An applicant must demonstrate that the proposed unit offers a unique and necessary technology for the provision of health care services in the Service Area.

**Response**

N/A

- d. Mobile MRI units shall not be subject to the need standard in paragraph 1b if fewer than 150 days of service per year are provided at a given location. However, the applicant must demonstrate that existing services



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in the applicant's geographical area are not adequate and/or that there are special circumstances that require these additional services.

Response

N/A

2. Access to MRI Units. All applicants for any proposed new MRI Unit should document that the proposed location is accessible to approximately 75% of the service area's population. Applications that include non-Tennessee counties in their proposed service areas should provide evidence of the number of existing MRI units that service the non-Tennessee counties and the impact on MRI unit utilization in the non-Tennessee counties, including the specific location of those units located in the non-Tennessee counties, their utilization rates, and their capacity (if that data are available).

Response

The location of BRG is within access to the service area's population. A factor in selection of BRG is the location in relation to BMG physician offices.

3. Economic Efficiencies. All applicants for any proposed new MRI Unit should document that alternate shared services and lower cost technology applications have been investigated and found less advantageous in terms of accessibility, availability, continuity, cost, and quality of care.

Response

BMHCC has considered alternate options as the BMG physician practice needs for patients have continued to grow. BMHCC is continuing to adjust service delivery as are other health care systems. The rehabilitation beds at BRG were recently relocated to a new facility and the skilled nursing facility, which was designed to accommodate the continuing needs of rehabilitation patients has been placed into inactive status while future plans are developing. The BRG outpatient services remain active and needed in the community. Throughout the system, facilities and services are continuously adjusting to improve access to meet health care needs in an economically efficient manner within a framework of evolving federal policies.

This project will improve the operational efficiencies of an existing resource and is positioned to respond to BMG needs with an economically effective solution. There is no major renovation required. The only potential facility cost may be incurred for some minor refurbishment of the finishes such as paint and floor covering. The facility provides high quality services and currently meets all requirements of an operating hospital department. The MRI imaging equipment is less than 6 years old and has useful life of up to 20 years if appropriately maintained as stated in the letter provided in the CON application.

**March 27, 2015****10:28 pm****4. Need Standard for non-Specialty MRI Units.**

A need likely exists for one additional non-Specialty MRI unit in a Service Area when the combined average utilization of existing MRI service providers is at or above 80% of the total capacity of 3600 procedures, or 2880 procedures, during the most recent twelve-month period reflected in the provider medical equipment report maintained by the HSDA. The total capacity per MRI unit is based upon the following formula:

Stationary MRI Units: 1.20 procedures per hour x twelve hours per day x 6 days per week x 50 weeks per year = 3,600 procedures per year

Mobile MRI Units: Twelve (12) procedures per day x days per week in operation x 50 weeks per year. For each day of operation per week, the optimal efficiency is 480 procedures per year, or 80 percent of the total capacity of 600 procedures per year.

**Response**

The chart below shows operations at BMHCC MRI locations. The most recent twelve-month period reflected in the provider medical equipment report maintained by the HSDA is CY 2013.

	MRI SCANS			
BMHCC LOCATION	2011	2012	2013	UNITS
BMH Collierville	1,891	1,734	1,593	1 Fixed
BMH Memphis	12,052	11,913	11,280	3 Fixed
BMH for Women			72	Not full Yr
Baptist Rehab - Germantown	1,622	1,596	1,212	1 Fixed
Baptist Rehab - Briarcrest	585	650	613	(Shared) 0.5
BMH Tipton	1,143	1,265	1,153	1 Fixed
TOTAL	17,293	17,158	15,923	
Average for 6.5 units	2,660	2,640	2,450	
TOTAL	17,293	17,158	15,923	
Average for 5.5 units	3,144	3,120	2,895	
TOTAL w/o Tipton	16,150	15,893	14,770	
Average for 5.5 Units	2,936	2,890	2,685	
Average for 4.5 Units	3,589	3,532	3,282	

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The table shows that the average for the BMHCC units in 2013, including the Tipton location was 2,450 or approx. 85% of the 2,880 level. However, if the calculation is performed for 5.5 units which is a reduction of one unit, the utilization average for 2013 is 2,895 which is above the 2,880 level indicating a need for a unit and that 6.5 are reasonable. The need is also indicated for community access. The difference does not allow a reduction of a unit in the area.

The calculations are shown at the bottom of the table omit the Tipton unit and scans. Based on the calculation without Tipton at 5.5 units, the value of 2,685 is approx. 93% of the 2,880 level. Repeating the calculation for 4.5 units results in an average of 3,282 for 2013 which is well above the 2,880 level. The difference does not allow a reduction of a unit in the area.

Tipton is included in the service area due to historical utilization at BRG. The MRI unit at Tipton is for access for Tipton patients. Related to the proposed operation by BMG, the unit at Tipton is not related to applying the criteria in the same way.

##### 5. Need Standards for Specialty MRI Units.

###### Response

N/A

a. Dedicated fixed or mobile Breast MRI Unit. An applicant proposing to acquire a dedicated fixed or mobile breast MRI unit shall demonstrate that annual utilization of the proposed MRI unit in the third year of operation is projected to be at least 1,600 MRI procedures (.80 times the total capacity of 1 procedure per hour times 40 hours per week times 50 weeks per year), and that:

1. It has an existing and ongoing working relationship with a breast-imaging radiologist or radiology proactive group that has experience interpreting breast images provided by mammography, ultrasound, and MRI unit equipment, and that is trained to interpret images produced by an MRI unit configured exclusively for mammographic studies;
2. Its existing mammography equipment, breast ultrasound equipment, and the proposed dedicated breast MRI unit is in compliance with the federal Mammography Quality Standards Act;
3. It is part of an existing healthcare system that provides comprehensive cancer care, including radiation oncology, medical oncology, surgical



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oncology and an established breast cancer treatment program that is based in the proposed service area.

4. It has an existing relationship with an established collaborative team for the treatment of breast cancer that includes radiologists, pathologists, radiation oncologists, hematologist/oncologists, surgeons, obstetricians/gynecologists, and primary care providers.
- b. Dedicated fixed or mobile Extremity MRI Unit. An applicant proposing to institute a Dedicated fixed or mobile Extremity MRI Unit shall provide documentation of the total capacity of the proposed MRI Unit based on the number of days of operation each week, the number of days to be operated each year, the number of hours to be operated each day, and the average number of MRI procedures the unit is capable of performing each hour. The applicant shall then demonstrate that annual utilization of the proposed MRI Unit in the third year of operation is reasonably projected to be at least 80 per cent of the total capacity.
- c. Dedicated fixed or mobile Multi-position MRI Unit. An applicant proposing to institute a Dedicated fixed or mobile Multi-position MRI Unit shall provide documentation of the total capacity of the proposed MRI Unit based on the number of days of operation each week, the number of days to be operated each year, the number of hours to be operated each day, and the average number of MRI procedures the unit is capable of performing each hour. The applicant shall then demonstrate that annual utilization of the proposed MRI Unit in the third year of operation is reasonably projected to be at least 80 per cent of the total capacity.
6. Separate Inventories for Specialty MRI Units and non-Specialty MRI Units. Breast, Extremity, and Multi-position MRI Units shall not be counted in the inventory of non-Specialty fixed or mobile MRI Units, and an inventory for each category of Specialty MRI Unit shall be counted and maintained separately. None of the Specialty MRI Units may be replaced with non-Specialty MRI fixed or mobile MRI Units and a Certificate of Need granted for any of these Specialty MRI Units shall have included on its face a statement to that effect. A non-Specialty fixed or mobile MRI Unit for which a CON is granted for Specialty MRI Unit purpose use-only shall be counted in the specific Specialty MRI Unit inventory and shall also have stated on the face of its Certificate of Need that it may not be used for non-Specialty MRI purposes.

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7. Patient Safety and Quality of Care. The applicant shall provide evidence that any proposed MRI Unit is safe and effective for its proposed use.

- a. The United States Food and Drug Administration (FDA) must certify the proposed MRI Unit for clinical use.

Response

Please refer to the letter from the FDA that is provided in previous response.

- b. The applicant should demonstrate that the proposed MRI Procedures will be offered in a physical environment that conforms to applicable federal standards, manufacturer's specifications, and licensing agencies' requirements.

Response

The demonstration is provided since the MRI unit is operational and will continue with same personnel and medical supervision in place.

- c. The applicant should demonstrate how emergencies within the MRI Unit facility will be managed in conformity with accepted medical practice.

Response

The demonstration is provided since the MRI unit is operational and will continue with same personnel and medical supervision in place.

- d. The applicant should establish protocols that assure that all MRI Procedures performed are medically necessary and will not unnecessarily duplicate other services.

Response

Protocols are established and will continue since the MRI unit is operational and will continue.

- e. An applicant proposing to acquire any MRI Unit, including Dedicated Breast and Extremity MRI Units, shall demonstrate that:

- f. All applicants shall commit to obtain accreditation from the Joint Commission, the American College of Radiology, or a comparable accreditation authority for MRI within two years following operation of the proposed MRI Unit.

Response

The unit is ACR accredited and it will be transferred to BMG.

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- g. All applicants should seek and document emergency transfer agreements with local area hospitals, as appropriate. An applicant's arrangements with its physician medical director must specify that said physician be an active member of the subject transfer agreement hospital medical staff.

Response

Established emergency agreements will continue.

8. The applicant should provide assurances that it will submit data in a timely fashion as requested by the HSDA to maintain the HSDA Equipment Registry.

Response

BMG will continue to submit data in a timely fashion as requested by the HSDA to maintain the HSDA Equipment Registry

9. In light of Rule 0720-11.01, which lists the factors concerning need on which an application may be evaluated, and Principle No. 2 in the State Health Plan, "Every citizen should have reasonable access to health care," the HSDA may decide to give special consideration to an applicant:

Response

BMG is enrolled in the Medicare and has TennCare MCO contracts.

- a. Who is offering the service in a medically underserved area as designated by the United States Health Resources and Services Administration;
- b. Who is a "safety net hospital" or a "children's hospital" as defined by the Bureau of TennCare Essential Access Hospital payment program; or
- c. Who provides a written commitment of intention to contract with at least one TennCare MCO and, if providing adult services, to participate in the Medicare program.

**March 27, 2015****10:28 pm****Section C, Need, Item 1 (State Health Plan)**

Please discuss how the proposed project will relate to the 5 Principles for Achieving Better Health of the State Health Plan. Each Principle is listed below with example questions to help the applicant in its thinking.

1. The purpose of the State Health Plan is to improve the health of Tennesseans.

- a. How will this proposal protect, promote, and improve the health of Tennesseans over time?

Response

This proposal will improve utilization of an existing health care resource without duplicating resources.

- b. What health outcomes will be impacted and how will the applicant measure improvement in health outcomes?

Response

Use of the equipment will enhance the coordination of diagnostic capabilities in the health care system. Improvements can be measured in time required to schedule and receive services, patient satisfaction and efficient and effective communication.

- c. How does the applicant intend to act upon available data to measure its contribution to improving health outcomes?

Response

The access to the diagnostic capability and the electronic medical record will facilitate communication and collaboration.

2. Every citizen should have reasonable access to health care.

- a. How will this proposal improve access to health care? You may want to consider geographic, insurance, use of technology, and disparity issues (including income disparity), among others.

Response

Access through communication across a large service area will improve the matching available capacities with individual patient needs. For example, a higher proportion of Medicaid patients are anticipated at this location. Access is not restricted by existing health status, employment, income, geography or culture.

- b. How will this proposal improve information provided to patients and referring physicians?

Response

Through the electronic medical record system, consolidated medical record will be available to both patients and physicians.

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- c. How does the applicant work to improve health literacy among its patient population, including communications between patients and providers?

Response

Access to information will be provided at the points of service. Community resources for information will be identified for the patient.

3. The State's health care resources should be developed to address the needs of Tennesseans while encouraging competitive markets, economic efficiencies, and the continued development of the State's health care system.

- a. How will this proposal lower the cost of health care?

Response

This proposal will improve utilization of an existing health care resource without requiring capital funds that can be used for other health care services.

- b. How will this proposal encourage economic efficiencies?

Response

This proposal will more efficiently coordinate distribution of workflow to reduce time delays for patients and shorten waits for professionals in delivering the service.

- c. What information will be made available to the community that will encourage a competitive market for health care services?

Response

The community will have another access to a type of care through a distribution of service settings. A service that was operated by a hospital and included inpatient care will be operated by a physician group through an outpatient setting.

**March 27, 2015****10:28 pm****10. Section C, Need, Item 3 and 4.A**

The responses are noted. The applicant states that the proposed primary service area (PSA) is reasonable since it represents the origin of current patients served at Baptist Rehab-Germantown (BRG) and the locations served by physicians of the medical group. As such, please show resident MRI utilization by completing the table below. Please contact Alecia Craighead, Stat III, for assistance with data from the HSDA Equipment Registry.

**Patient Origin Trend by Residents of Applicant's PSA, 2011-2013**

County of Residence	Residents MRI Scans 2011	Resident MRI Scans 2012	PSA MRI Scans - 2013	% Change '11-'13	2013 Total Provider MRI Scans	2013 Resident Scans as a % of Total Scans of Providers located in County	2013 Resident Scans as a % of BRG Scans
Shelby							
Payette							
Other TN Counties							
TN Total							

Response

The completed table above is provided on the following page.

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County of Residence	Residents MRI Scans 2011	Resident MRI Scans 2012	PSA MRI Scans - 2013 (With Tipton)	PSA MRI Scans - 2013 (Without Tipton)	% Change '11-'13	2013 Total Provider MRI Scans	2013 Resident Scans as a % of Total Scans of Providers located in County	2013 Resident Scans as a % of BRG Scans
Shelby	73,943	71,878	76,968	72,520	-5.81%	69,647	99.19%	1.25%
Fayette	2,818	2,983	157	154	19.69%	3,373	4.24%	1.66%
Tipton	5,753	5,641	952	-	1.10%	5,816	15.56%	0.58%
Other TN Counties	N/A	N/A	4,104	9,507		482,581		
TN Total	N/A	N/A	82,181	82,181		561,417		

**March 27, 2015****10:28 pm****11. Section C, Need, Item 5**

The table is noted. Some additional information would be helpful to further illustrate historical utilization in the PSA. Please complete the revised table below using data from the HSDA Equipment Registry.

**Historical Utilization of Existing MRI Providers in Applicant's PSA, 2011-2013**

Provider Name	Current # units (type)	County	Distance from existing BRG unit (miles)	2011	2012	2013	% Change '11-'13	2013 procedures by PSA Residents
Total								

**Response**

The completed table above is provided on the following page. While the driving distance to other locations is good information, the location is reasonably surrounded by the BMG office locations in the Metro area. A location away from the BMG office locations would potentially not be as effective for coordinating patient care. Convenience enhances efficiencies such as scheduling diagnostic tests in conjunction with office visits. The new electronic information system will facilitate scheduling.



**March 27, 2015****10:28 pm****Section C, Need, Item 5**

Review of the HSDA staff summary and application for the existing MRI in CN9812-084A revealed projected utilization of approximately 2,200 MRI procedures per year in Year 2 and after. Was this accomplished? Please briefly discuss the utilization of the existing BRG service from calendar year 2000 up to CY2011.

Response

The Table below indicates that the MRI at BRG passed the 2,200 procedures that were projected in the CON application in the second full year of operation. The BRG location performed 2,360 scans which was 7% higher than predicted.

The MRI was placed into operation at BRG in the Fall of 1999. Data below are from the Joint Annual Report and was reported on a Fiscal Year (FY) rather than a Calendar year (CY) basis. The HSDA registry began encouraging use of the calendar year and BRG reported the CY in 2008 to the HSDA equipment registry. The applicant is unable to confirm that procedures were counted using the same defined CPT codes over the last 16 years. The current annual count is based on specific CPT codes.

The unit was replaced and upgraded in 2009. It is less than 6 years old, has been under continuous maintenance contract which provides updated software and is an effective high quality machine. The open MRI gantry is preferred for some claustrophobic patients and other special needs for more open space.

One of the reasons for transferring operation of the equipment to the BMG network is a benefit gained by increasing awareness of the availability of the equipment. The integrated electronic medical record was implemented at BRG in March 2015. The benefits and positive impact of the new information system are just beginning.

2011	1622	CY	HSDA
2010	1702	CY	HSDA
2009	1267	CY	HSDA
2008	2085	CY	HSDA
2007	2237	FY	JAR
2006	2590	FY	JAR
2005	2509	FY	JAR
2004	2228	FY	JAR
2003	2187	FY	JAR
2002	2506	FY	JAR
2001	2360	FY	JAR
2000	1567	FY	JAR
1999	17	FY	JAR

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Provider Name	Current # units (type)	County	Distance from existing BRG unit (miles)	2011	2012	2013		2013 procedures by PSA Residents	2013 procedures by PSA Residents wo Tipton
BMH Collierville	1 Fixed	Shelby	7.4 miles	1,891	1,734	1,593	-16%	1127	1122
BMH Memphis	3 Fixed	Shelby	5.6 miles	12,052	11,913	11,280	-6%	8390	7875
BMH for Women	1 Fixed	Shelby	4.8 miles			72		57	53
Baptist Rehab - Germantown	1 Fixed	Shelby	0 miles	1,622	1,596	1,212	-25%	958	924
Baptist Rehab - Briarcrest	1 Fixed (Shared)	Shelby	3.6 miles	585	650	613	5%	534	508
Delta Medical Center	1 Fixed	Shelby	11 miles	1,006	787	674	-33% N/A	N/A	
LeBonheur	3 Fixed	Shelby	17.2 miles	4,663	5,357	5,333	14%	2287	2134
Methodist Germantown	2 Fixed	Shelby	0.5 miles	7,698	6,557	6,892	-10%	5844	5736
Methodist South	1 Fixed	Shelby	17.1 miles	4,073	4,139	4,090	0%	3597	3591
Methodist North	2 Fixed	Shelby	15.2 miles	6,058	6,092	6,003	-1%	5609	4559
Methodist University	3 Fixed	Shelby	19.2 miles	9,677	9,803	10,524	9%	7870	7668
Regional Med	1 Fixed	Shelby	19.9 miles	3,927	4,491	4,131	5%	1673	1641
St. Francis	3 Fixed	Shelby	4.2 miles	5,482	5,393	5,326	-3%	4404	4282
St. Francis Bartlett	2 Fixed	Shelby	8.7 miles	3,257	3,642	3,518	8%	3288	2913
St. Jude	4 Fixed	Shelby	21.6 miles	10,031	8,737	8,305	-17% N/A	N/A	
BMH Tipton	1 Fixed	Tipton	36.6 miles	1,143	1,265	1,153	1%	952	0
Campbell Clinic	1 Fixed	Shelby	1.5 miles	6,502	6,321	5,547	-15%	4225	3941
Diagnostic Imaging-Memphis	1 Fixed	Shelby	3.0 miles	6,358	6,538	6,737	6%	6206	5978
MSK Group - Covington Pike	1 Fixed	Shelby	14.1 miles	3,096	3,140	3,013	-3%	2629	2241
MSK Group - Briarcrest	1 Fixed (Shared)	Shelby	3.6 miles	4,508	4,489	4,637	3%	3983	3810

# SUPPLEMENTAL #1

March 27, 2015

10:28 pm

Neurology Clinic	1 Fixed (Shared)	Shelby	2.8 miles	3,168	3,160	3,312	5%	3312	3214
Outpatient Diagnostic Center	1 Fixed	Shelby	12.2 miles	2,207	2,214	2,563	16%	2244	1825
Park Ave Diagnostic Center	2 Fixed	Shelby	5.6 miles	3,080	2,681	2,075	-33%	1731	1680
Semmes-Murphey	2 Fixed	Shelby	4.8 miles	7,300	6,490	6,277	-14%	3940	3940
Wesley Neurology	1 Fixed (Shared)	Shelby	2.8 miles	1,398	1,309	1,026	-27%	851	783
West Clinic	1 Fixed	Shelby	5.4 miles	1,662	1,564	1,287	-23%	540	498
Campbell Clinic - Union	1 Fixed	Shelby	19.1 miles	2,290	2,155	2,539	11%	1669	1604
Methodist Healthcare-Fayette Hospital	1 Mobile (Part)	Fayette	32.3 miles	324	271	204	-37%	157	154
TOTAL				115,058	112,488	109,936	-4%	78077	72674

\*\* Driving Distances are from Google Maps

**March 27, 2015****10:28 pm****12. Section C, Need, Item 6**

The applicant has not provided an overview of the methodology used to develop the 2-fold increase in projected utilization of the existing MRI unit. Based on a 4.4% declining trend in MRI utilization of Shelby County MRI providers from CY 2011-2013 some clarification of the projected utilization that justifies the significant increase from historical utilization is needed. Please identify and briefly explain the methodology used to develop the projected MRI volumes in Year 1 and Year 2 of the project. In your response, please also provide an estimate of referrals by specialty to the applicant's MRI service during the first year of operation:

Physician Specialty	# MRI Referrals
Family Practice	873
Internal Medicine	801
Oncology	788
GI	73
Other	25
TOTAL	2,560

**Response**

As discussed in other sections of the application, the projected BMG scans are based on surveys and analyses performed by BMG Directors for metro locations and confirmed through discussions with physicians.

The steps were:

- 1) Acquire data and annualize MRI scans ordered/referred from the BMG locations
- 2) Weigh (reduce) scan volume possible at BRG based on the distance from the proposed BMG location.

Result: After analysis, adjustments, reductions and confirmation through discussions with physicians, the result for the first year is 2,560 scans.

- 3) Year 2 is based on a simple 3% increase to include other BMG specialties that will be using the BMG MRI at BRG.
- 4) Additional utilization in future years will be the result of BMG growth and specialty physicians moving to access the BRG MRI.

**March 27, 2015****10:28 pm****13. Section C, Economic Feasibility, Item 1 (Project Costs Chart) and Item 3**

The chart is noted. Given that no construction or renovation appears to be necessary, please explain the \$3,500 in architectural/engineering fees and the \$75,000 amount budgeted as a contingency cost.

Response

A statement is provided from Siemen's following this page to validate that \$480,000, the value used for the equipment in the financial projections, is conservatively at the higher of the range for estimated equipment value.

It appears that the \$125,000 cost of the 5-year lease for the 1,200 square foot area or the fair market value (FMV) of the space, whichever is higher, is missing from line B.1 of the chart. Please identify the estimated FMV amount of the space.

Response

The Project Costs Chart that was submitted with the original application has an inadvertent omission on line A9. An updated project cost chart is provided following this page. The value of \$239,215 is the estimated Market Value of the facility based on information from the Shelby County Tax assessor's office. The 5 year maintenance amount of \$451,285 is shown on A9 and is supported by a maintenance agreement provided in response to a previous supplemental question. The 125,000 cost is appropriate for the projection but the assessed value of \$239,215 is higher and is used in the corrected Project Costs Chart.

As noted, please also provide documentation from a MRI vendor that confirms both the \$480,000 Fair Market Value (FMV) cost of the MRI unit and the \$239,215 five-year maintenance cost used in the chart.

Response

A statement is provided from Siemen's following this page to validate that \$480,000, the value used for the equipment in the financial projections, is conservatively at the higher of the range for estimated equipment value.

Please clarify the amounts requested for the office space and the MRI unit.

Response

The amounts are clarified by the corrected Project Costs Chart since assessed values are used for the building and property and the vendor estimate is used for the MRI unit.

Please also note that the total in line D (Estimated Project Cost) amounts to \$807,715 in lieu of the \$1,259,000 shown in the chart.

Response

The amounts are clarified by the corrected Project Costs Chart.

**SUPPLEMENTAL #1**

**March 27, 2015**

**10:28 pm**

Please identify the amounts requested for the office space and the MRI unit, provide a revised total project cost and CON filing fee (if applicable), and submit a revised chart for the application labeled as replacement page 19-R. Please submit a check for the additional filing fee with your response.

**Response**

The amounts are clarified by the corrected Project Costs Chart. And the CON filing fee appears to be correct.

**March 27, 2015****10:28 pm****PROJECT COSTS CHART**

A. Construction and equipment acquired by purchase:	-
1. Architectural and Engineering Fees	\$ 3,500
2. Legal, Administrative (Excluding CON Filing Fee), Consultant Fees	10,000
3. Acquisition of Site	-
4. Preparation of Site	-
5. Construction Costs	-
6. Contingency Fund	75,000
7. Fixed Equipment (not included in Construction Contract)	480,000
8. Moveable Equipment (List all equipment over \$50,000)	-
9. Other (Specify) <u>(Maintenance)</u>	451,285
B. Acquisition by gift, donation, or lease:	
1. Facility (inclusive of building and land)	239,215
2. Building only	-
3. Land only	-
4. Equipment (Specify) _____	-
5. Other (Specify) _____	-
C. Financing Costs and Fees:	
1. Interim Financing	0
2. Underwriting Costs	0
3. Reserve for One Year's Debt Service	0
4. Other (Specify) _____	0
D. Estimated Project Cost (A + B + C)	\$ 1,259,000
E. CON Filing Fee	\$ 3,000
F. Total Estimated Project Cost (D + E)	
<b>TOTAL</b>	<b>\$ 1,262,000</b>

**March 27, 2015**

**10:28 pm**

**SIEMENS**

**Healthcare**

March 26, 2015

Baptist Memorial Healthcare  
350 North Humphreys Blvd  
Memphis, TN 38120

To Whom It May Concern:

The estimated Fair Market Value of the Espree MRI Machine ("Equipment") at Baptist Memorial located in Germantown, TN, and which was purchased from Siemens Medical Solutions USA, Inc. in 2008, is between \$480,000 and \$500,000. The useful life, which is dependent on proper service and not guaranteed, is between 12-15 years from the original purchase date. The estimated cost of replacement, depending on configuration and type of magnet, can range from \$1,500,000 - \$2,000,000.

Baptist Memorial is hereby advised that moving, servicing and bringing the Equipment's magnets down and up to field must be performed by Siemens-trained and qualified service personnel.

If you have any questions, please do not hesitate to contact Siemens.

Thank You,



Arlene Gonzalez  
Zone Controller  
Siemens Medical Solutions USA, Inc.  
Customer Solutions Group



**March 27, 2015****10:28 pm****14. Section C, Economic Feasibility, Item 2 and Item 10**

Item 2 - Please provide documentation from the Chief Financial Officer (CFO) of Baptist Medical Group or the parent organization that identifies the estimated amount need to fund the project and attests to the availability of sufficient cash reserves to support the project.

Response:

The letter from the Chief Financial Officer for the parent organization was inadvertently omitted when the original application was submitted. It follows this page and was intended to be one of the attachments in the original.

Item 10 - Please also include financial statements from same that supports the amounts needed and demonstrate the applicant's ability to financially sustain the MRI service.

Response

Baptist Memorial Health Care Corporation has the capacity to support this project and will use funds from a related entity as it usually presents the source of funds to the HSDA. Funding for this project will come from Baptist Memorial Hospital-Memphis. The financial statement for Baptist Memorial Hospital Memphis is provided following the CFO letter.

**March 27, 2015**

**10:28 pm**

BAPTIST MEMORIAL HEALTH CARE CORPORATION

March 12, 2015

Ms. Melanie Hill, Executive Director  
Health Services and Development Agency  
Andrew Jackson Building, 9<sup>th</sup> Floor  
502 Deaderick Street  
Nashville, Tennessee 37243

RE: Baptist Medical Group  
Initiation of MRI Services

Dear Ms. Hill:

As the Chief Financial Officer of Baptist Memorial Health Care Corporation (BMHCC), I have reviewed the financial statements and requirements in the Certificate of Need application for the initiation of MRI Services by Baptist Medical Group (BMG) that has a cost, for CON purposes, of approximately \$1,262,000. The equipment is currently owned and operated by Baptist Rehabilitation-Germantown (BRG). Since the equipment is actually moving within BMHCC and construction is not involved, the actual funding for the project is minimal. Funds to complete the project as described are available through BMHCC affiliated entities.

Please contact me if you need additional information.

Sincerely,



Donald R. Pounds  
Chief Financial Officer

**SUPPLEMENTAL #1****March 27, 2015****10:28 pm**

Baptist Memorial Hospital-Memphis  
6019 Walnut Grove Road  
As of February 2015

Cash and cash equivalents	42,705,802.61
Investments	11,540,036.98
Patient accounts receivable	176,705,218.95
Contractual allowances	(66,989,966.98)
Bad Debt allowances	<u>(29,829,216.05)</u>
Net Patient accounts receivable	79,886,035.92
Other Receivables	3,421,716.67
Due from Affiliates	15,073,252.50
Estimated settlements- 3rd parties	769,540.00
Inventory	16,944,410.49
Prepaid expenses	5,022,619.44
Other current assets	
Assets whose use is limited	
Assets held for sale	
Total current assets	<u>175,363,414.61</u>
Investments	139,285.69
Investment in affiliates	<u>256,416.00</u>
Total Investments	395,701.69
Long-term assets whose use is limited	
Notes Receivable from Affiliates	68,049,621.84
Property and equipment	519,517,654.48
Accumulated depreciation	<u>(354,988,110.90)</u>
Net Property and equipment	164,529,543.58
Other assets	1,780,392.86
Goodwill	
Total Other assets	<u>1,780,392.86</u>
<b>TOTAL ASSETS</b>	<b><u>410,118,674.58</u></b>
Current portion-long-term debt	17,525,000.00
Current portion-capital lease	170,948.67
Accounts payable	7,633,474.31
Accrued payroll expenses	12,466,486.56
Accrued expenses-other	7,605,885.63
Due to Affiliates	29,701,566.87
Other current liabilities	2,587,392.00
Estimated settlements- 3rd parties	3,517,930.00
Liabilities held for sale	
Total current liabilities	<u>81,208,684.04</u>
Long-term debt	79,118,267.64
Long-term capital lease	191,247.97
Notes payable to affiliates	
Reserve for self insurance	
Post retirement benefit	26,214,383.00
Other long-term liabilities	<u>2,025,662.83</u>
Total long-term liabilities	107,549,561.44
Unrestricted net assets	221,316,696.75
Temporarily restricted net assets	43,732.35
Permanently restricted net assets	
Net assets	<u>221,360,429.10</u>
<b>TOTAL LIABILITIES &amp; FUND BAL.</b>	<b><u>410,118,674.58</u></b>

**SUPPLEMENTAL #1****March 27, 2015****10:28 pm**

Baptist Memorial Hospital-Memphis  
6019 Walnut Grove Road  
Five Months As of February 2015

Inpatient Revenues	585,239,394.37
Outpatient Revenues	<u>301,966,554.83</u>
<b>Gross Patient Revenues</b>	887,205,949.20
Revenue Deductions	(658,957,954.37)
Provision for Bad Debt	<u>(24,543,865.06)</u>
<b>Net Patient Revenues</b>	203,704,129.77
Other Oper Revenues	<u>6,187,530.10</u>
<b>Total Oper Revenues</b>	209,891,659.87
Salaries & Wages	58,488,257.15
Contract Labor	2,491,706.74
Benefits	16,189,383.07
Medical Supplies	54,293,038.34
Nonmedical Supplies	2,985,383.16
Purchased Services	3,995,101.21
Insurance Expense	305,636.71
Repairs & Maintenance	3,887,356.96
Utilities	2,194,424.98
Other Expenses	9,643,892.26
Professional Fees	10,051,307.62
Management Fees	26,340,050.00
Grants Expense	
Gain (Loss) on Sale of Assets	
Depreciation and Amortization	9,763,028.93
Interest	225,643.28
Loss on Asset Impairment	
Bad Debt Expense-Non Patient	
<b>Total Operating Expenses</b>	<u>200,854,210.41</u>
<b>Operating Income/(Loss)</b>	9,037,449.46
Operating Margin %	4.31%
Nonoper Revenues/(Expenses)	<u>(1,659,104.36)</u>
<b>Excess of Revenues over Expenses/ (Expenses over Revenues)</b>	<u><u>7,378,345.10</u></u>
Profit Margin %	3.52%

**March 27, 2015****10:28 pm****15. Section C, Economic Feasibility, Item 4**Historical Data Chart

The applicant states that BMG has no historical data available. At a minimum, it would be helpful to have a Historical Data Chart for the parent organization that corresponds to the most recent fiscal periods in the financial statements requested for the application.

Response

After thought and consideration of the most appropriate type of historical information for this project, the applicant has completed the historical chart for operation of the MRI at Baptist Rehabilitation Germantown. It is included on the following page. The chart is based on the Fiscal Year of Oct-Sept and values differ some from the Calendar Year required for the HSDA Registry.

Projected Data Chart

With respect to Gross Operating Revenue, the average gross charge in the chart amounts to approximately \$1,247 per procedure in Year 1. Per HSDA records, BRG reported 1,212 MRI procedures and \$3,254,466 in gross charges in CY2013 which results in an average gross charge of approximately \$2,685 per MRI procedure. Are the amounts projected for gross operating revenue understated in the chart? Please clarify.

Response

The amounts in the chart are based on the calculations using the charges reported in the application. The gross amount is affected by the financial contracting arrangements and differences in the requirements for providing services in different types of settings. BRG is a licensed Acute Care Hospital operating as a Medicare Part A certified and state licensed facility. BMG is a physicians group certified by Medicare as a Part B group.

**March 27, 2015****10:28 pm**

With respect to Operating Expenses, please explain how the amounts were determined for the following expenses:

Line 1- staff salaries (*please include # FTE*)

Response

1.5 FTE MRI Tech\* 25% Benefit Rate

<u>Position</u>	<u>FTE</u>	<u>Salary</u>
MRI Technologist	1	\$52,000
MRI Technologist	0.5	\$26,000

Line 2 - Physician salaries

Response

Represents the fee as a medical Director provided at BMHCC

Line 5 - Depreciation

Response

\$480,000 depreciated over 5 years

Line 9- Other Expenses, Imaging Interpretation Fees

Response

Includes Interpretation fees, equipment maintenance, BMG General administrative overhead

Line 9 - Other Expenses, maintenance

Response

Please note that the Maintenance expense is supported by documentation provided in response to a previous question.

**March 27, 2015****10:28 pm****HISTORICAL DATA CHART**

Give information for the last three (3) years for which complete data are available for the facility or agency. The fiscal year begins in OCT (Month)

	Year 2012	Year 2013	Year 2014
A. Utilization Date ( MRI Procedures)	<u>3,107</u>	<u>1,836</u>	<u>1,667</u>
B. Revenue from Services to Patients			
1. Inpatient Services	<u>\$ 61,627</u>	<u>\$ 38,924</u>	<u>\$ 41,016</u>
2. Outpatient Services	<u>\$ 3,554,628</u>	<u>\$ 3,458,289</u>	<u>\$ 2,960,141</u>
3. Emergency Services	<u></u>	<u></u>	<u></u>
4. Other Operating Revenue (specify) <u>cafeteria, gift shop, etc.</u>	<u></u>	<u></u>	<u></u>
<b>Gross Operating Revenue</b>	<b>\$ 3,616,255</b>	<b>\$ 3,497,213</b>	<b>\$ 3,001,157</b>
C. Deductions from Gross Operating Revenue			
1. Contractual Adjustments	<u>\$ 2,431,246</u>	<u>\$ 2,657,382</u>	<u>\$ 2,346,028</u>
2. Provision for Charity Care	<u>\$ 792</u>	<u>\$ 514</u>	<u>\$ 1,198</u>
3. Provision for Bad Debt	<u>\$ 51,982</u>	<u>\$ 33,755</u>	<u>\$ 78,667</u>
<b>Total Deductions</b>	<b>\$ 2,484,020</b>	<b>\$ 2,691,651</b>	<b>\$ 2,425,893</b>
<b>NET OPERATING REVENUE</b>	<b>\$ 1,132,235</b>	<b>\$ 805,562</b>	<b>\$ 575,264</b>
D. Operating Expenses			
1. Salaries and Wages	<u>\$ 234,198</u>	<u>\$ 200,751</u>	<u>\$ 170,719</u>
2. Physician's Salaries and Wages	<u></u>	<u></u>	<u></u>
3. Supplies	<u>\$ 14,159</u>	<u>\$ 12,879</u>	<u>\$ 10,863</u>
4. Taxes	<u></u>	<u></u>	<u></u>
5. Depreciation	<u>\$ 354,786</u>	<u>\$ 319,624</u>	<u>\$ 269,509</u>
6. Rent	<u></u>	<u></u>	<u></u>
7. Interest, other than Capital	<u></u>	<u></u>	<u></u>
8. Management Fees:			
a. Fees to Affiliates	<u>\$ 303,037</u>	<u>\$ 347,993</u>	<u>\$ 293,551</u>
b. Fees to Non-Affiliates	<u></u>	<u></u>	<u></u>
9. Other Expenses (Specify on separate page)	<u>\$ 107,696</u>	<u>\$ 97,859</u>	<u>\$ 82,517</u>
<b>Total Operating Expenses</b>	<b>\$ 1,013,876</b>	<b>\$ 979,106</b>	<b>\$ 827,159</b>
E. Other Revenue (Expenses) - Net (Specify)			
<b>NET OPERATING INCOME (LOSS)</b>	<b>\$ 118,359</b>	<b>\$ (173,544)</b>	<b>\$ (251,895)</b>
F. Capital Expenditures			
1. Retirement of Principal	<u></u>	<u></u>	<u></u>
2. Interest	<u></u>	<u></u>	<u></u>
<b>Total Capital Expenditures</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>NET OPERATING INCOME (LOSS)</b>			
<b>LESS CAPITAL EXPENDITURES</b>	<b>\$ 118,359</b>	<b>\$ (173,544)</b>	<b>\$ (251,895)</b>

**March 27, 2015****10:28 pm****16. Section C, Economic Feasibility, Item 5 and Item 6**

Item 5 - as noted, the applicant states that the average gross charge will be \$1,247 per MRI procedure in Year 1. This amount varies from the average gross charge of \$2,685 per procedure for the existing unit in CY2013 as reflected in HSDA Equipment Registry records. Please clarify.

Response

The difference in charges is due to market differences and the expenses for the requirements to operate a full-service hospital vs. a physician group practice.

Item 6.a. - given the amounts budgeted for imaging interpretation fees in the Projected Data Chart, e.g. \$172,800 in Year 1, it appears that the applicant may be planning to use a global rate for MRI procedures. Please describe the plans for billing professional fees.

Response

The applicant will bill globally for services and reimburse physicians.

Item 6.b. - the table is noted. Please identify the current Medicare allowable amount for the major CPT classifications shown in the table.

Response

The Medicare allowable is in the following Table.

<u>CPT</u>	<u>Description</u>	<u>TN Medicare Reimbursement (global nonfacility)</u>	<u>BMG Charge</u>
72148	MRI Lumbar spine w/o dye	\$ 204.04	\$ 1,325
73721	MRI joint of lower extrem w/o dye	\$ 215.44	\$ 1,055
72141	MRI neck spine w/o dye	\$ 205.00	\$ 1,325
73221	MRI joint upr extrem w/o dye	\$ 215.76	\$ 1,075
70557	MRI brain w/o dye	\$ 455.46	\$ 1,400



**March 27, 2015****10:28 pm****17. Section C, Economic Feasibility, Item 9**

As noted, both the CFO letter and copies of financial statements for either the applicant or the parent organization are missing from the application. Please provide this information.

**Response**

Please refer to the letter from Donald Pounds, the BMHCC CFO and the financial statement from Baptist Memorial Hospital-Memphis where funds will be transferred for the project. The items are provided in a previous response.

**March 27, 2015****10:28 pm****18. Section C, Orderly Development, Item 3**

The response is noted. Please complete the table illustrating the staffing planned by the applicant to continue staffing for the MRI service.

Position Title	Existing FTEs (enter year)	Projected FTEs Year 1	Average Wage	Area-wide Average Wage
MRI Technologist	1.5	1.5	\$52,000	\$50,850 - \$60,388
Total	1.5	1.5	\$52,000	\$50,850 - \$60,388

**Response:**

The table is complete indication staff of 1.5 FTE for an MRI Technologist.

**March 27, 2015****10:28 pm****19. HSDA Equipment Registry**

The 2014 annual report of utilization and update for equipment registered by the applicant's parent company, Baptist Memorial Health Care Corporation, including the existing 1.5 Tesla MRI unit that is the subject of this proposal, is due by the end of March 2015. Please confirm plans to submit the information on or before March 31, 2015.

**Response**

Representatives of Baptist Memorial Health Care have discussed with Ms. Craighead that the process to acquire and submit the required information is underway. The implementation of a new information system has added the requirement to pull the data from more than a single source. Baptist plans to submit the information according to the HSDA timeline which is on or before March 31, 2015.

**March 27, 2015**

**10:28 pm**

**20. Proof of Publication**

The date and name of newspaper was missing from the application. Please submit a copy of the full page of the newspaper in which the notice of intent appeared with the mast and dateline intact or submit a publication affidavit which is supplied by the newspaper as proof of the publication of the letter of intent.

Response

The affidavit from the newspaper recently arrived and is provided following this page.

**March 27, 2015**

**10:28 pm**

**The Commercial Appeal  
Affidavit of Publication**

**STATE OF TENNESSEE  
COUNTY OF SHELBY**

Personally appeared before me, Patrick Maddox, a Notary Public, Helen Curl, of MEMPHIS PUBLISHING COMPANY, a corporation, publishers of The Commercial Appeal, morning and Sunday paper, published in Memphis, Tennessee, who makes oath in due form of law, that she is Legal Clerk of the said Memphis Publishing Company, and that the accompanying and hereto attached advertisement was published in the following editions of The Commercial Appeal to-wit:

**March 10, 2015**

Helen Curl

Subscribed and sworn to before me this 13th day of March, 2015.

Patrick Maddox Notary Public

My commission expires February 15, 2016.



My Commission Expires 02/15/2016

March 27, 2015

10:28 pm

MAR 27 15 00 10

AFFIDAVIT

STATE OF TENNESSEE

COUNTY OF SHELBYNAME OF FACILITY: BAPTIST MEMORIAL MEDICAL GROUP, INC

I, ARTHUR MAPLES, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Arthur Maples Dir Strategic Analysis  
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 25<sup>th</sup> day of March, 2015,  
witness my hand at office in the County of Shelby, State of Tennessee.

Paulette E. Kearney  
NOTARY PUBLIC

My Comm. Exp. August 21, 2016

My commission expires \_\_\_\_\_.

HF-0043

Revised 7/02



# **COPY SUPPLEMENTAL-2**

**Baptist Memorial Medical Group  
CN1503-010**

SUPPLEMENTAL

MAR 30 11 51 AM '15

March 30, 2015

Phillip Grimm, Examiner  
Health Services and Development Agency  
502 Deaderick Street, 9<sup>th</sup> Floor  
Nashville, TN 37243

RE: Certificate of Need Application CN1503-010  
Baptist Memorial Medical Group, Inc d/b/a Baptist Medical group

Dear Mr. Grimm:

Enclosed in triplicate is supplemental information regarding initiation of MRI services at 2100 Exeter Road by transferring the operation of the MRI at that location to Baptist Medical Group.

Thank you for your attention.

Sincerely,



Arthur Maples  
Dir. Strategic Analysis

Enclosure



## **SUPPLEMENTAL INFORMATION 2**

### **INITIATION OF MRI SERVICES**

**BAPTIST MEMORIAL MEDICAL GROUP  
MARCH 2015**

MAR 30 '15 04:05

1. Section A, Item 8

The response confirming that Baptist Rehabilitation-Germantown plans to voluntarily surrender the hospital MRI service approved in CN9812-084A is noted and understood. Thank you for this confirmation.

Response

No additional response is requested.

## 2. Section A, Project Description, Item 13

The response is noted. The applicant states that BMG will be billing globally, inclusive of the professional charges of MIST radiologists that the applicant will contract with for the provision of imaging interpretation services. Please address the major responsibilities of the parties that would be included in a working agreement or similar contractual arrangement. Please also identify the key benefits to patients and the parties of this type of arrangement.

### Response

Patients of BMG will be billed globally which involves including both the technical and professional components in one bill. The patients will not receive a bill for the test from a facility (Technical Component) and a separate bill for the doctor's interpretation (Professional Component) for the MRI examination.

The MSIT Radiologists are established at BRG and are familiar with the equipment and BMHCC procedures. They are licensed, competent and qualified to provide services. MSIT will provide professional and related services for Medical Supervision including, full-time professional coverage, scheduling of such coverage, and direction and supervision of the service. When appropriate, MSIT may utilize teleradiology, PACS network, or another appropriate network/system. In connection with such coverage MSIT's on-site Radiologist(s) shall be available to render consultations and professional services as requested regarding diagnosis of patients.

BMG Patients will benefit by receiving service from an established trusted group of MSIT Radiologists and the billing will be consolidated into one statement.

**3. Section B, Project Description, Item II.E (MRI Equipment)**

Item 1.a.2 (expected useful life) - the response notes that the unit originally acquired under Baptist Rehabilitation-Germantown, CN9812-084A, was replaced in 2009 and reported to the HSDA Equipment Registry. The vendor's 3/16/15 letter appears to confirm its current fair market value as noted in the Project Costs Chart. Thank you for clarifying this information.

Response

No additional response is requested.

4. Section C, Need, Item 1 (MRI Specific Criteria) and Section C, Need, Item 6 (Applicant's Projected Utilization)

Given that the projected utilization represents an increase of approximately 1,200 MRI procedures from BRG's 1,212 procedures in CY2013, the key parameters of the methodology used to project utilization in Year 1 and Year 2 remains unclear. For instance, was a use rate considered? Was population growth of the service area or new sources of referrals from health insurance networks also taken into consideration? Please explain.

In your response, please also describe what considerations were given to limiting the impact to other providers, most importantly those closest to BMG such as St. Francis, St Francis Bartlett, the Campbell Clinic and Diagnostic Imaging-Memphis.

Response

A major factor in making the projection was in the distance from the BMG physician office to the proposed BMG MRI. For example, the factor used for a practice in Arlington TN (Shelby County) that is approx. 18 miles and a 25 minute drive time to the proposed BMG MRI on Exeter Road in Germantown was 50%. That is, 50% of the annualized MRI referrals from the Arlington practice(s) were included in the projection. Another location that is approx. 13 miles and a 25 minute drive from Midtown Memphis to the proposed BMG MRI was also included at the 50% referral rate. Other practice areas that are closer to the proposed unit were included at the 80% referral rate which was the highest factor used.

Since the BMG physician locations are dispersed throughout the community, a single provider is not substantially impacted by the project. The sources of coverage for BMG will not change as a result of this project.

The project will be beneficial to the system by providing a vehicle for balancing the workload within the BMHCC system. MRI scans that were scheduled for BMH-Memphis, which is operating with more scans per unit, can be scheduled for the BMG MRI as time availability is accessible. Scans can be arranged in appropriate relation to a scheduled physician visit. A patient may be scheduled before or after a physician appointment.

In discussing the proposed project, physicians expressed the added advantages to keeping the MRI studies within the group so that integrated medical information could be accessed and exchanged for referrals to other types of specialties are needed. The benefits include a more convenient, less expensive continuum of care for the patient as they receive treatment in their permanent medical home.

**5. Section C, Need, Item 1 (MRI Project Criteria)**

Item4 - the table with 3-year utilization is noted.

Please also include a metric for the utilization of the entire service area as a percentage of the 2,880 utilization standard. What providers might be excluded from the analysis based on the nature and scope of their specialized patient populations?

Response:

The completed Chart is shown on the following page. Based on all current units that operated at any time during 2013 the utilization average rate of 2,668 was at approx. 93% of the minimum utilization level of an average of 2,880 per year.

Excluding units at BMH for Women which only operated 2 months during the year, St Jude that is specialized for children's oncology, and Methodist Fayette that was a mobile unit, the utilization average rate of 2,814 was at approx. 98% of the minimum utilization level of an average of 2,880 per year. If BMH-Tipton, which is not competing for the same type patient as the other BMG locations, is also excluded then the average utilization rate of 2,862 is more than 99% of the minimum utilization level of an average of 2,880 per year.

Provider Name		Current # units (type)	County	Distance from existing BRG unit (miles)	2011	2012	2013		2013 procedures by PSA Residents	2013 procedures by PSA Residents wo Tipton
BMH Collierville	1	1 Fixed	Shelby	7.4 miles	1,891	1,734	1,593	-16%	1127	1122
BMH Memphis	3	3 Fixed	Shelby	5.6 miles	12,052	11,913	11,280	-6%	8390	7875
BMH for Women	1	1 Fixed	Shelby	4.8 miles			72		57	53
Baptist Rehab - Germantown	1	1 Fixed	Shelby	0 miles	1,622	1,596	1,212	-25%	958	924
Baptist Rehab - Briarcrest	0.5	1 Fixed (Shared)	Shelby	3.6 miles	585	650	613	5%	534	508
Delta Medical Center	1	1 Fixed	Shelby	11 miles	1,006	787	674	-33%	N/A	N/A
LeBonheur	3	3 Fixed	Shelby	17.2 miles	4,663	5,357	5,333	14%	2287	2134
Methodist Germantown	2	2 Fixed	Shelby	0.5 miles	7,698	6,557	6,892	-10%	5844	5736
Methodist South	1	1 Fixed	Shelby	17.1 miles	4,073	4,139	4,090	0%	3597	3591
Methodist North	2	2 Fixed	Shelby	15.2 miles	6,058	6,092	6,003	-1%	5609	4559
Methodist University	3	3 Fixed	Shelby	19.2 miles	9,677	9,803	10,524	9%	7870	7668
Regional Med	1	1 Fixed	Shelby	19.9 miles	3,927	4,491	4,131	5%	1673	1641
St. Francis	3	3 Fixed	Shelby	4.2 miles	5,482	5,393	5,326	-3%	4404	4282
St. Francis Bartlett	2	2 Fixed	Shelby	8.7 miles	3,257	3,642	3,518	8%	3288	2913
St. Jude	4	4 Fixed	Shelby	21.6 miles	10,031	8,737	8,305	-17%	N/A	N/A
BMH Tipton	1	1 Fixed	Tipton	36.6 miles	1,143	1,265	1,153	1%	952	0
Campbell Clinic	1	1 Fixed	Shelby	1.5 miles	6,502	6,321	5,547	-15%	4225	3941
Diagnostic Imaging-Memphis	1	1 Fixed	Shelby	3.0 miles	6,358	6,538	6,737	6%	6206	5978
MSK Group - Covington Pike	1	1 Fixed	Shelby	14.1 miles	3,096	3,140	3,013	-3%	2629	2241
MSK Group - Briarcrest	0.5	1 Fixed (Shared)	Shelby	3.6 miles	4,508	4,489	4,637	3%	3983	3810
Neurology Clinic	0.5	1 Fixed (Shared)	Shelby	2.8 miles	3,168	3,160	3,312	5%	3312	3214
Outpatient Diagnostic Center	1	1 Fixed	Shelby	12.2 miles	2,207	2,214	2,563	16%	2244	1825
Park Ave Diagnostic Center	2	2 Fixed	Shelby	5.6 miles	3,080	2,681	2,075	-33%	1731	1680
Semmes-Murphey	2	2 Fixed	Shelby	4.8 miles	7,300	6,490	6,277	-14%	3940	3940
Wesley Neurology	0.5	1 Fixed (Shared)	Shelby	2.8 miles	1,398	1,309	1,026	-27%	851	783
West Clinic	1	1 Fixed	Shelby	5.4 miles	1,662	1,564	1,287	-23%	540	498
Campbell Clinic - Union	1	1 Fixed	Shelby	19.1 miles	2,290	2,155	2,539	11%	1669	1604
Methodist Healthcare-Fayette Hospital	0.2	1 Mobile (Part)	Fayette	32.3 miles	324	271	204	-37%	157	154
<b>TOTAL</b>	<b>41.2</b>	<b>109,936 Scans over 41.2 machines</b>			<b>115,058</b>	<b>112,488</b>	<b>109,936</b>	<b>-4%</b>	<b>78077</b>	<b>72674</b>

Without BMH Womens, St Jude, and Methodist Fayette

36 101,355 Scans over 36 machines 2815.42 101,355

Without BMH Womens, St Jude, BMH Tipton and Methodist Fayette

35 100,202 Scans over 35 machines 2862.91 100,202

\*\* Driving Distances are from Google Maps

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**6. Section C, Need, Item 3 and 4.A**

The table in the response is noted. It appears that the column on the far right (2013 resident scans as a % of BRG scans) may amount to approximately 79% for scans at BRG by residents of Shelby County in lieu of the 1.25% shown in the table based on the information provided for the table in Question 11 of Supplemental 1.

**Patient Origin Trend by Residents of Applicant's PSA, 2011-2013**

County of Residence	Residents MRI Scans 2011	Resident MRI Scans 2012	PSA MRI Scans - 2013	% Change '11-'13	2013 Total Provider MRI Scans	2013 Resident Scans as a % of total provider Scans	2013 Resident Scans as a % of BRG Scans
Shelby							
Fayette							
Other TN Counties							
TN Total							

**Response**

The chart is completed on the following page.



County of Residence	Residents MRI Scans 2011	Resident MRI Scans 2012	PSA MRI Scans - 2013 (With Tipton)	PSA MRI Scans - 2013 (Without Tipton)	% Change '11-'13	2013 Total Provider MRI Scans	2013 Resident Scans as a % of Total Scans of Providers located in County	2013 Resident Scans as a % of BRG Scans
Shelby	73,943	71,878	76,968	72,520	-5.81%	69,647	99.19%	87.06%
Fayette	2,818	2,983	157	154	19.69%	3,373	4.24%	5.62%
Tipton	5,753	5,641	952	-	1.10%	5,816	15.56%	3.41%
Other TN Counties	N/A	N/A	4,104	9,507		482,581		3.91%
TN Total	N/A	N/A	82,181	82,181		561,417		100%

SUPPLEMENTAL

MAR 30 '15 4:05

**7. Section C, Economic Feasibility, Item 4**

The Historical Data Chart for the MRI service at BRG is noted. The amounts provided for MRI procedures in 2012 and 2013 do not match the 1,596 and 1,212 MRI procedures, respectively, reflected in HSDA Equipment Registry records. Additionally, the gross operating revenue from charges appears to be different from what has been reported such as \$3,254,466 in gross charges in CY2013. Please explain. If in error, please revise the chart and submit a replacement with your response.

Response

Both of the sources of information are correct. The Historical chart was completed for the Fiscal Year which is from Oct. 1 to Sept. 30. The HSDA requests equipment numbers on a Calendar Year basis.

The differences between fiscal and calendar years are with within small ranges. In 2012, the HSDA report amount was 4% higher than the JAR amount. In 2013, the JAR amount was 7% higher than the HSDA report.



**9.. HSDA Equipment Registry**

Your confirmation of plans to provide a 2014 annual report and update for equipment registered by the applicant's parent company by March 31, 2015 are noted. Thank you for observing our deadline for this request.

**Response**

No additional response is requested.

42305-205

**AFFIDAVIT**

STATE OF TENNESSEE

COUNTY OF SHELBY

NAME OF FACILITY: BAPTIST MEMORIAL MEDICAL GROUP, INC

I, ARTHUR MAPLES, after first being duly sworn, state under oath that I am the applicant named in this Certificate of Need application or the lawful agent thereof, that I have reviewed all of the supplemental information submitted herewith, and that it is true, accurate, and complete.

Arthur Maples Dir Strategic Analysis  
Signature/Title

Sworn to and subscribed before me, a Notary Public, this the 30<sup>th</sup> day of March, 2015,  
witness my hand at office in the County of Shelby, State of Tennessee.

Paulette E. Kearney  
NOTARY PUBLIC

My commission expires My Comm. Exp. August 21, 2016

HF-0043

Revised 7/02

